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L-R: ANAN's Immediate Past President, Prof. Muhammad Akaro Mainoma, FCNA and 2nd Vice President, Hajia Zuwaira Talatu Kishimi, FCNA decorating the new President, Prof. Benjamin Chuka Osisioma, FCNA with the insignia of office during the Investiture Ceremony of Association of National Accountants of Nigeria (ANAN) held recently.

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EDITORIAL

The editorial board and the entire readership family of the Certified National Accountant Journal once again heartily congratulate our amiable National President /Chairman of Council , REVD CANON BENJAMIN CHUKA OSISIOMA on his recent successful investiture as the current National President/Chairman of Council of our great Association of National Accountants of Nigeria (ANAN), under whose watch this "first" edition of our 2021 journal is established after his assumption of office as the 12th ANAN President. It is also my pleasure to welcome all our numerous avid readers and contributors to this edition of our Certified National Accountant Journal (CNAJ) Volume 29 Number 1.

It is obvious that the Certified National Accountant Journal (CNAJ) has become a permanent staple in the menu of our professional practice and scholarship in Nigeria. So far, it has, and still portends to be a veritable platform for cross- pollination of ideas on emerging issues in our noble profession. Besides, in this era of failing-global economies as well as Covid-19 Pandemic where every profession is expected to bring its wits to bear in their national economic recovery and sustainability, the CNAJ continues to provide an undeniable platform where ever-evolving professionals and scholars engage and develop strategic thinking and strategic orientation through their numerous researches and other empirical enquiries with a view to solve some (if not all) of our national economic malaise, as well as advance the frontiers of knowledge of our accounting profession.

It is on this note that I warmly welcome all our readers on-board this edition which promises to be a must read because of the rich contributions of the following six (6) selected papers:

- Finance Act 2020 and improved public capital expenditure in Nigeria
- The future of accounting in Nigeria through the lens of graduate Accountants
- The value relevance of corporate social responsibility disclosure
- Financial intermediation and the manufacturing sector output in Nigeria
- Treasury Single Account in Nigeria: Is Fraud in the Public Sector Curtailed?
- Review of theories on Auditors rotation

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Manuscript should be written in English (if it is written in French, English translation must be included). The Manuscript should not be more *than 16 pages on A4 type paper with 1 inch margin for the top and bottom while the right and left hands margin should* take 1.25 inches each. The reference should be in the current APA style. Times New Roman with 12 font size of one and half line spacing are to be adopted. There should be separate cover page to contain the title of the work, the author(s)' full names and titles, addresses, institutional affiliation, phone number and e-mail address and abstract of the work should not be more than 300 words. The keywords of four to six words should also be included in alphabetical order. Microsoft words should be used. The work should be structured into Introduction, Literature review. Methodology, Results, Discussion and Conclusion, References and Appendices (where applicable). The manuscript should be numbered consecutively on the bottom centre. Manuscript that does not conform to these guidelines may be returned to the author for compliance before review. All manuscripts are subjected to blind review by experts in the specialized area to ensure relevance, contribution, acceptance or otherwise before final necessary action by the Editorial Board of CNAJ.

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All manuscripts should be submitted electronically as attachment to our e-mail: ananpubcommitte@yahoo.com The journal is quarterly: submission of manuscript shall be acknowledged within two days. Authors should note that publication in CNAJ is free of charge as contribution of ANAN to the development of accounting research in Nigeria.

Finance Act, 2020 and Improved Public Capital Expenditure in Nigeria

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Abstract

This paper examined the finance Act, 2020 and improved public capital expenditure in Nigeria. It sought to highlight the implications of finance Act, 2020 on improvement of public capital expenditure in Nigeria. Specifically, the paper examined the implications of VAT rate increment, companies' segmentation in relation to CIT rate, provisions of VAT compliance threshold, and miscellaneous provisions on improved funding of capital projects in Nigeria that could pave way for inclusive economic growth and development in the country. This paper though, theoretical, adopted descriptive approach and reviewed relevant literature. It concluded that the finance Act would reform domestic tax law to align global best practices; introduce tax incentives for investment in infrastructure and capital markets; support small businesses in line with the ease of doing business reforms; and improve revenue for government at all levels for financing capital projects, subject to provisions of favourable framework and capacity. The paper recommended demonstration of strong political will by government, strengthening government institutions, stamping out corruption, and embarking on continuous training and retraining of staff and management of agencies involved in the implementation of the new Act.

Keyword: Finance Act, Public Capital Expenditure, VAT Rate, CIT Rate

1. Introduction

It is a common knowledge that availability of both human and non human resources drives public expenditure of any country of the world. These resources could be natural or man-made resources but where those natural resources are not readily available; or available but cannot be commercially converted into financial resources, government of the country seeks alternative sources of funding its public expenditure. In most cases, what seem always available and reliable alternative sources of financing public expenditure are adjudged taxation (Asue, 2015).

Most developed and developing nations of the world no doubt depend on revenue generated from taxes in financing public expenditures. For instance, United Kingdom and United States of America over the years finance their public expenditures from the tax proceeds (Kalaš, Mirovi, and Andraši 2017). Of course, this suggests that improved tax policies and system are imperative for the realization of the tax revenue. Most of these countries over the years kept on changing and reforming their tax policies and systems to reflect their specifics and economic realities in their domain and by extension, in the world.

Nigeria, as one of the developing countries in the community of nations has been on this trend and picture of devising best possible alternative means of funding her public expenditure and of course, one of such alternatives includes tax revenue. It (Nigeria) has been reforming her tax Act and by extension, tax system over the years (even prior to her independence) in a bid to reposition her economic drivers. For instance, there had been array of tax reforms which among others include: tax reforms of: 1956, 1959, 1995, 1996, 1998, 2001, 2004, 2007, 2011, and the 2019 that gave rise to finance Act, 2020 (Nkwagu, Okwo, Nancy, and Obasi, 2019). The essence of these reforms no doubt was to improve on the tax system that would lead to better economic development of the country and provide more financial resources for financing government programmes and projects.

The finance Act, 2020 has come with a lot and high expectation from the citizenry, especially on the likely implications on public capital expenditure financing, improved standard of living and the general economic development in Nigeria. In her defense and sensitization, Nigerian government has maintained that the current/latest tax reform (Finance Act of 2020) has a lot more to drive economic development through among others, provision of needed financial resources for funding public expenditure (Deloitte, 2020). Of course, it is on account of this premise that the Value Added Tax (VAT) rate was increased from 5% to 7.5%. Although, there were seemingly tax burden considerations such as company

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segmentation and revenue threshold that provides that companies with a turnover of less or equal to 25 million naira per annum should be exempted from company income tax, just as it provided that companies with annual turnover of above N25 million naira but less than 100 million naira would be charged company income tax of 20% and then provided 30% of CIT on companies with annual turnover of more than 100 million naira.

As stated earlier however, Nigeria is not new to tax reforms but the question that always occupies the minds of every average Nigerian is would it translate to improved economic indices in Nigeria? Unless the above question is answered, it would appear to be exercise in futility coming up with new tax regime from time to time yet Nigeria government still having poor budget implementation, especially, the capital expenditure components, always blamed on lack of fund. This paper is much more concerned on this premise, as it is always observed year in year out that public infrastructure in Nigeria are in very poor condition. For instance, it is not hidden that there are a lot of bad roads all over the country, poor health facilities, poor security art facilities that led to increased security challenges in the country; poor infrastructure in education sub-sector, poor electricity transmission and distribution in the country and a lot more that requires funding. These near lack and poor infrastructure and amenities have been blamed on lack or paucity of financial resources. Then, would this Finance Act, 2020 bring to an end these challenges confronting the country, Nigeria.

This paper concerns more on the above unresolved debate, in view of the fact that a number of such tax Act amendments(reforms) have been made in the past, yet public capital expenditure financing appears not to have improved over the years. It is evidential that Nigeria's yearly budgets have consistently suffered poor implementation especially, the components of capital expenditure in amidst of the tax reforms as can be seen in the last five years where only 17.76%, 57.66%, 68%, 65.06%, and 64.31% for 2019, 2018, 2017, 2016 and 2015 respectively were implemented. Thus, it becomes more disturbing as most average Nigerians are not quite comfortable with some of the provisions of the Finance Act, 2020 such as the increase of VAT rate to 7.5%.

Considering the contents and provisions of the finance Act in line with the policy trust of government, however, this paper sets out to examine the implications of:

1. VAT increase from 5% to 7.5% on improved funding of capital projects and programmes in Nigeria that could pave way for inclusive economic growth and development in the country.
2. Companies' segmentation that provides for CIT exemption, 20% CIT and 30% CIT of incomes of entities based on annual turnover on stimulation of Nigeria's economy that could guarantee improved internally generated revenue for financing of capital expenditure.
3. The provisions of VAT compliance threshold which exempts companies with annual turnover of not more than 25 million naira from paying VAT on improved financing of capital expenditure in Nigeria.
4. Other miscellaneous provisions of the new Act on improved funding of capital expenditure with a view to stimulating economic growth and enhancing inclusive development in Nigeria.

Concepts and Literature Review

Tax Reforms and Funding of Expenditure in Nigeria

Tax reform is the process of changing the way taxes are collected or managed by the government and is usually undertaken to improve tax administration or provide economic or social benefits (Ali, 2009). It is mostly undertaken to correct the shortcomings and enhance tax efficiency in the existing tax system as well as bridging the gap between the national development needs and the funding of the needs (Ali, 2009). Tax reform could be in form of new rate, a new tax, a new legal clause, a new assessment system such as self-assessment system or a new collection system of 2004 (Teju, 2010). Although, the effect of tax reforms might not be immediate, it is expected to be actualized in the long run (Kanghua, (2013). In the recent past, consequent upon the constitution of a presidential committee charged with the review of tax laws in Nigeria, four tax bills were passed and signed into law. They include: Federal Inland Revenue Service (Establishment) Act, 2007, Companies Income Tax (Amendment) Act, 2007, Value Added Tax (Amendment) Act, 2007 and National Automotive council (Amendment) Act, 2007. Personal Income Tax Act (PITA) was also amended in the year, 2011 to make the tax policies of Government more responsive and enhance the implementation and effectiveness of PITA in Nigeria (Aguolu, 2014).

As part of the tax reforms, the Joint Tax Board (JTB) in collaboration with Federal Inland Revenue Service (FIRS) and the 36 State Boards of Internal Revenue (SBIR) came up with 'Tax Identification Number (TIN) (Nwezeaku, 2013). The TIN is a platform for harmonizing taxpayers' identification and registration in Nigeria. TIN is aimed at creating a database of all taxpayers. Electronic tax filing and payments (e-tax) are among the most recent tax reforms in Nigeria. Electronic filing has the twin benefits of easing compliance burden and optimizing revenue generation for government.

The objectives of most tax reforms are to encourage tax compliance and reduce tax evasion and avoidance in Nigeria (Nwezeaku, 2013). There are empirical evidence that tax reforms aim at preventing capital flight, improve revenue generation for government projects and programmes; eradicating all manner of distortions and enhancing taxpayers willingness to pay (Asaolu, Dopemu and Monday, 2015). A well structured tax reforms in a country has the capacity of promoting efficient tax system that investors would always want to invest in. Countries with low tax regime are bound to have fair allocation of savings to investment opportunities and attract investors than countries with high tax regime (Omesi and Nzor, 2015 and Odusola, 2006).Thus, taxes provide necessary support to the capacity of government to discharge its basic duties to the citizens (Omesi and Nzor, 2015). Taxation, of course, has been generally perceived as one of the major avenue of revenue generation by any government to meet the needs of both the government and citizens.

Supporting the above general view, Ifurueze and Ekezie (2014) see tax as a compulsory levy imposed by the government against the income, profits, property, wealth, and consumption of individuals and corporate organizations for the common use which could serve a good number of purposes. It further asserts that enabling environment created by government would encourage establishment of new businesses, survival of existing once, and above all enhance infrastructure. To this end, a good tax policy is a key determinant to political, economical and social well structured system that provides government with the needed fund for capital and recurrent expenditure. A good tax system contains the tax law, tax policy and tax administration (Aguolu, 2014). The Nigeria tax system is a good portfolio comprising of direct and indirect tax bodies which regulate the various types of taxes and their administration.

From the above view, it is generally believed that the Nigerian tax system is still lopsided, dominated by oil revenue, lacks efficiency, and poses a formidable challenge to its usage as a macroeconomic regulatory tool. Thus, the Nigeria tax base is very narrow while the tax rate was very high (Omesi and Nzor, 2015).For countries (Nigeria inclusive) that are endowed with natural resources which generate revenue from sales of the natural resources exploitation, taxation is the most reliable and sustainable revenue stream. Evidence suggests strongly that a good tax system aids economic growth and development (Aguolu, 2014 and Ifurueze and Ekezie, 2014). Many countries including Nigeria have not been able to effectively harness their tax potentials for number of reasons. Oriakhi and Ahuru (2014) confirm that a long run meaningful relationship exists between tax reforms and federally collected revenue and by extension, economic growth in Nigeria. One important indication of the monumental achievements produced by the reforms since 2004, is that, in the fourth year of the reform alone (that is, in 2008) the actual collection of (N2, 972 trillion) in taxes was over and above the cumulative collection of the eight-year period (1996-2003) preceding the reforms which amounted to only 2.682 trillion naira (N2.682 trillion) (FIRS, 2009).

The Nigeria's tax system has been generally considered to be inadequate and less impactful on public expenditure implementation. The Revenue Statistics in Africa evidenced that Nigeria's tax-to-Gross Domestic Product (GDP) in 2017 was 5.7% (Economic Co-operation and Development (OECD), 2019). This of course, appeared to be a moderate increase from the figures reported in 2016 that stood at 5.3%. From table 1 below, it is evident that implementation of capital expenditure in the last five years in the country has suffered a setback. For instance, out of 2,094.95 trillion naira, 2,869.60 trillion naira, 2,174.50trillion naira, 1,587.40 trillion naira and 557.0 billion naira budgeted for the years: 2019, 2018, 2017, 2016 and 2015 respectively, only a paltry sums of 372.04 billion naira, 1,862.22 trillion naira, 1,563.15 trillion naira, 1,219.47 trillion naira and 358.21 billion naira were claimed to have been implemented for those years. Of course, the poor budget performance had been blamed on paucity of revenue generation.

Table1: Five-Year Summary of Budget Component Performance

Year		Capital expenditure		
	Total annual budget	Budgeted	Actual	%
2019	8,916.96	2,094.95	372.04	17.70
2018	9,120.33	2,869.60	1,862.22	57.66
2017	7,441.18	2,174.50	1,563.15	72.00
2016	6,060.43	1,587.40	1,219.47	65.06
2015	4,493.36	557.0	358.21	64.31

Source: OAGF and BOF, 2019, 2018, 2017, 2016, and 2015

Nevertheless, when the above figures are compared with the same index across other African countries over the same period, it was evident that Nigeria's tax revenue generation was considerably low for the level of social and economic activities in the country. According to KPMG (2020), the 26 African countries (including Ghana and Botswana) reviewed in the OECD's study reported an average tax to GDP ratio of 17.2% (11.5 basis points higher than Nigeria's ratio). Even the Federal Government implemented tax amnesty initiatives between 2016 and 2018 to drive up tax revenue and expand the tax base have proven insufficient to stimulate the type of revenue growth required in Nigeria. The nation's tax to GDP ratio was estimated at roughly 6% in 2018 which shows a sluggish and unimpressive growth from 2016.

Taking a cursory look at table 2 below, it can be seen that non-oil revenue (tax) records poor amount compared to oil revenue within the period (2008-2018) under review which coincides with post 2007 tax reform in Nigeria. Thus, the annual non-oil revenue (mostly taxes) suggests that without oil revenue component, recurrent expenditure and other charges would not be executed let alone capital expenditure. The expended amounts on capital expenditure as shown on the table is an indication that a lot more needs to be done if Nigeria must finance reasonable components of her capital expenditure. The economic indicators as shown on the table therefore, further supports the claim of Nigerian government that the finance Act is meant to raise necessary funds towards implementing Nigeria budgets. The perceived unimpressive growth is also supported by the 2019 data from the National Bureau of Statistics which indicates that Nigeria's GDP was N31.79 trillion in the first quarter of 2019, while the total government collection in taxes was barely N1.5 trillion in that quarter suggesting a tax to GDP of 1.1. This amounts to tax revenue gap estimate of about 4.7% which was a decline from prior periods.

The Federal Government implemented tax amnesty initiatives between 2016 and 2018 to drive up tax revenue and expand the tax base. However, these initiatives have proven insufficient to stimulate the type of revenue growth required. As at 2018, the nation's tax to GDP ratio was estimated at roughly 6%, a slow and unimpressive growth from 2016.

Table 2: Summary of Federal Government Finances (N'Billion)

Item	2008	2009	2010	2011	2012	2013
Total Fed Collected Rev (Gross)	7,866.60	4,844.59	7,303.67	11,116.85	10,654.75	9,759.79
Oil Revenue	6,530.60	3,191.94	5,396.09	8,878.97	8,025.97	6,809.23
Non- Oil Revenue	1,336.00	1,652.65	1,907.58	2,237.88	2,628.78	2,950.56
Federation Account	4,552.84	3,600.07	4,784.47	6,158.40	6,565.24	7,488.30
Fed Govt Retained Revenue	3,193.44	2,642.98	3,089.18	3,553.54	3,629.61	4,031.83
Total Expenditure	3,240.82	3,452.99	4,194.58	4,712.06	4,605.39	5,185.32
Recurrent Expenditure[1]	2,117.36	2,127.97	3,109.38	3,314.51	3,325.16	3,689.06
Capital Expenditure[2]	960.89	1,152.80	883.87	918.55	874.83	1,108.39
Transfers	162.57	172.22	201.32	479.00	405.40	387.87
Current Surplus(+)/Deficit(-)	1,076.08	515.01	-20.20	239.03	304.45	342.77
% of GDP	2.75	1.16	-0.04	0.38	0.42	0.43
Overall Surplus(+)/Deficit(-)	-47.38	-810.01	-1,105.40	-1,158.52	-975.78	-1,153.49
% of GDP	-0.12	-1.83	-2.02	-1.84	-1.36	-1.44
Nominal GDP	39,157.88	44,285.56	54,612.26	62,980.40	71,713.94	80,092.56
Financing:	47.38	809.99	1,105.38	1,158.52	975.75	1,153.49
Foreign (net)	0.00	29.81	75.03	73.33	0.00	0.00
Domestic (net)	150.68	577.59	1,110.50	855.30	975.75	1,153.49
Banking System (net) of which:	67.90	175.61	749.70	496.43	471.34	510.44
CBN	-4.21	0.00	118.45	6.20	45.35	58.71
Deposit Money Banks	72.12	175.61	631.25	490.23	425.98	451.73
Non Bank Public	82.78	394.98	354.45	355.84	273.11	257.73
Privatization Proceed	0.00	7.00	6.35	3.03	7.50	0.00
Other Funds[3]	-103.30	202.59	-80.15	229.89	223.80	385.31

Sources: Federal Ministry of Finance, Office of the Accountant General of the Federation & Central Bank of Nigeria

Continuation of table 2: Summary of Federal Government Finances (N' Billion)

Item	2014	2015	2016	2017	2018[4]
Total Fed Collected Rev (Gross)	10,068.85	6,912.50	5,616.40	7,445.00	9,551.80
Oil Revenue	6,793.82	3,830.10	2,693.90	4,109.80	5,545.80
Non- Oil Revenue	3,275.03	3,082.41	2,922.50	3,335.20	4,006.00
Federation Account	7,540.32	5,845.83	4,523.45	2,119.90	3,179.00
Fed Govt Retained Revenue	3,751.68	3,431.03	3,184.72	2,847.32	4,185.64
Total Expenditure	4,587.39	4,988.86	5,858.56	6,456.70	7,813.74
Recurrent Expenditure[1]	3,426.90	3,831.95	4,160.11	4,779.99	5,675.19
Capital Expenditure[2]	783.12	818.37	653.61	1,242.30	1,682.10
Transfers	377.37	338.55	1,044.84	434.41	456.46
Current Surplus(+)/Deficit(-)	324.78	-400.92	-975.39	-1,932.66	-1,489.54
% of GDP	0.36	-0.43	-0.96	-1.70	-1.17
Overall Surplus(+)/Deficit(-)	-835.71	-1,557.83	-2,673.84	-3,609.37	-3,628.10
% of GDP	-0.94	-1.65	-2.63	-3.17	-2.84
Nominal GDP	89,043.62	94,144.96	101,489.49	113,711.63	127,762.55
Financing:	835.71	1,557.83	2,673.84	3,609.37	3,628.10
Foreign (net)	0.00	0.00	0.00	1,240.40	1,073.30
Domestic (net)	835.71	1,557.83	2,673.84	2,368.97	2,554.80
Banking System (net) of which:	428.83	834.09	278.24	1,337.55	0.00
CBN	0.00	615.96	0.20	0.00	0.00
Deposit Money Banks	428.83	218.13	278.04	1,337.55	0.00
Non Bank Public	195.37	111.87	246.56	-517.21	668.79
Privatization Proceed	0.00	72.60	5.92	372.36	0.00
Other Funds[3]	211.51	539.28	2,143.12	1,176.27	1,886.01

Sources: Federal Ministry of Finance, Office of the Accountant General of the Federation & Central Bank of Nigeria

Objectives of Finance Act, 2020

The assenting and gazette of the Finance Act is momentous for Nigeria as it signifies a return to an era of active fiscal supervision which expectedly would motivate regular review of the macroeconomic indicesin addition to stimulation of the economy. One of the major objective of the amendments made by the Finance Act are to enhance necessary revenue required to implement public expenditure, support sustainable increase in public revenue and ensure that tax law provisions are consistent with the national tax policy objectives of the Federal Government of Nigeria(Obayomi, 2020). It is intended to promote fiscal equity by mitigating instances of regressive taxation; reform domestic tax law to align with global best practice; introduce tax incentives for investment in infrastructure and capital markets; support small businesses in line with the ease of doing business reforms; and improve revenue for government(Finance Act, 2020).

These changes are intended to improve taxpayer compliance, ease tax administration and enforce prompt payment of taxes. The VAT compliance threshold is expected to reduce cost of tax administration since the FIRS can now focus its compliance monitoring efforts on large businesses only. It therefore, intends to create a wider opportunity for growth and development of micro, small and medium enterprises in Nigeria. The Act also wants to resolve the controversy of VAT-ability (in Nigeria) of services provided outside Nigeria by a nonresident company (NRC) to a Nigerian company. It is also expected that the reform would help manage taxpayers' cash flows so as to reduce the risk that a business ultimately bears the VAT burden for its customers, particularly in cases of bad debt.

Major Provisions of the Finance Act, 2020

The Finance Act brings in alterations to the Companies

Income Tax Act, Petroleum Profits Tax Act, Value Added Tax Act, Personal Income Tax Act, Customs and Excise Tariff, Capital Gains Tax Act, and Stamp Duties Act(Finance Act, 2020). The Finance Act is the first of its kind in the recent time and strives to support the implementation of the 2020 budget. It provides a good number of changes to the tax framework which among other things, seeks to address issues of low tax revenue growth. Considering the global economic realities, the Act also seeks to update the Nigeria's tax system by integrating recommendations made by the OECD on taxation of the modern economy and profits earned by non-resident companies.

The Finance Act also seeks to provide enabling environments towards enhancing small and medium scale enterprises by reducing their tax burden. Thus, it replaces existing tax incentives with more targeted incentives to encourage economic activities in the capital market and infrastructure implementation. The finance Act amends several difficult tax provisions that have hindered investments in Nigeria, such as the multifaceted insurance tax rules and the excess and interim dividend tax rules that limit the dividend available for distribution to shareholders as contained in the Companies Income Tax Act.

Consequently, on imposition of tax at 10% on any capital sum received as compensation for loss of office, the Finance Act limits the impact of the imposition by exempting any capital sum of N10 million or less received as compensation for loss of office. In the same vein, the Finance Act introduces tax concessions for business reorganizations to exempt chargeable gains on assets transferred due to a related party business reorganisation from CGT, subject to meeting certain conditions as provided by the Act. Again, the Act amends the provisions of Section 13 of the CITA to create avenue for the taxation of income earned by foreign companies from technical, management, consultancy or professional services that are remotely provided to a person resident in Nigeria. However, the tax payable by such foreign companies will be limited to the Withholding Tax deducted from them on such payments. It further provides for taxing any foreign company that "transmits, emits or receives signals, sounds, messages, images or data of any kind from cable, radio, electromagnetic systems or any other electronic or wireless apparatus to Nigeria in respect of any activity.

The Act now provides that all companies liable to tax under the CITA to make an advance payment of its CIT prior to payment of interim dividends. In a bid to ensure effective implementation, the Finance Act provides expense deductibility rules. It therefore, provides that companies are permitted to only take a tax deduction for expenses incurred in the generation of non-exempt income. Thus, expenses incurred in the generating tax-exempt income would no longer be allowed as a tax deduction. It is now compulsory for companies to effectively track and apportion the costs relating to their tax-exempt business segments and revenue streams to ensure that such expenses are disallowed for tax purposes. The Act also provides for interest deductibility rules with regards to restriction of deductible interest to 30% of Earnings before Interest, Tax, Depreciation, and Amortization (EBITDA).This provision is based on Action 4 of the OECD/G20 Base Erosion and Profit Shifting (BEPS) report.

In a bid to entrench simplification of commencement and cessation rules in the Nigeria's tax system, the Finance Act adjusts the commencement and cessation rules such that companies pay taxes based on their accounting periods. This implies that companies henceforth will be allowed to prepare and file tax returns in their first, second and third years of assessment based on their first, second and third sets of financial statements to avoid risk of double taxation. Likewise, the Finance Act has provided for downward review of the WHT exemption relating to interest income on foreign loans to 70%, 40% and 10% as against the hitherto which allowed (100%) or partial (10%, 40% or 70%) WHT exemption where the terms of a loan provided to a Nigerian person meet the specific grace period and loan tenor requirements under the CITA.

The Finance Act replaces the cumbersome procedure for computing minimum tax, under the CITA; with a simplified base rate of 0.5% of the qualifying company's gross turnover less franked investment income thereby, shifting the impact of minimum tax from capital basis to a purely revenue-based approach. It also made a remarkable provision by the deletion of the previously available exemption for companies with at least 25% imported equity capital and the addition of a new class of companies exempted from minimum tax, being small companies with an annual gross turnover of less than N25 million. Thus, every non-resident company and foreign owned companies operating in Nigeria, which were hitherto exempted from paying minimum tax, will now fall within the minimum tax net (unless they meet the other criteria for minimum tax exemption).

Emphatically, start-ups and small enterprises with annual gross turnover of not more than N25 million would be completely exempted from paying CIT subject to timely filing of CIT returns while, Medium and Small companies whose turnover exceeds N25 million but is less than N100 million will be subject to CIT at 20%.Consequently, every other company with annual gross turnover of N100 million and above will pay tax at the standard CIT rate of 30%. Besides, companies are required to be filing self assessment to pay their taxes in full on or before the due date of filing. The Act also made provisions for tax credit equal to 1% (2% for medium-sized companies) of the amount of tax paid, if the company pays its taxes 90 days before the due date for filing.

Provision is also made for VAT compliance threshold which exempts companies with an annual turnover of N25,000,000 or less from registering for the tax, charging the tax, rendering a monthly return of its sales and purchases; and from the penalties prescribed by the Act for non-compliance with the administrative provisions. It also provides for exemption of services rendered by microfinance banks (unit, state and national) from VAT. Clarification is also made by the Finance Act that VAT should be accounted for on cash instead of accrual basis. Thus, taxpayer can only recover input VAT that has been paid against output VAT that has been collected. Where, the taxpayer does not have input VAT to claim, output VAT collected should be remitted to the FIRS. It widens the scope of VAT exempt items to include locally manufactured sanitary towels, pads and tampons, tuitions relating to nursery, primary, secondary, and tertiary education in addition to the following categories of Basic Food Items (BFIs): Brown and white bread; Cereals including maize, rice, wheat, millet, barley and sorghum; fish of all kinds, other than ornamental; Flour and starch meals; fruits, nuts, pulses and vegetables; Roots such as yam, cocoyam, sweet and Irish potatoes; Meat and poultry products including eggs; Milk; Salt and herbs of various kinds; and Natural water and table water.

Meanwhile, by the express submission of the finance Act, imported goods are now subjected to excise duty, just as it made modifications to the Stamp duty Act that permits the charge of stamp duties on electronic receipts and also appoints the FIRS and State Internal Revenue Service as the relevant competent authorities responsible for collection of the stamp duty on behalf of the Federal Government and the State Governments, respectively. In the same vein, the Finance Act made express alteration on WHT rate payable in construction industry by introducing a cap on the withholding tax rate applicable to road, bridges, building and power construction contracts up to a maximum of 2.5%.

The Finance Act modifies the Withholding Tax exemption on income or dividends paid out of after-tax petroleum profits under section 60 of the PPTA and then provided that exemption of dividend distributed by Unit Trust from WHT Dividends is only subject to 10% WHT as the final tax under CITA. It also removed the requirements of obtaining approval from the Minister of Finance prior to claiming interest expense as a deductible expense. It further entrenched restriction on the number of tax incentives that can be claimed on the qualifying capital expenditure. Thus, companies that enjoy gas utilization incentives in respect of their qualifying capital expenditure shall not enjoy any other tax incentive including the pioneer status incentive on the same project/assets.

The Finance Act introduces a "minimum holding requirement" test for related party group restructuring. Under the revised provisions of the CITA, VATA, CGTA, a company would be recognized as part of a group if such company has been a member of such group for a minimum of 365 days prior to the date of the reorganization. It also specifies that any exemption provided shall be withdrawn where the acquiring company fails to hold the underlying assets transferred for less than 365 days after the date of the transaction.

Conceptual framework and theories of taxation

A number of theories have been used by theorists to deepen the essence of taxation with emphasis on how best to achieve the lofty objectives of imposing various taxes in a given tax system. Some of the theories adjudged and considered relevant for this paper include: Benefits theory, Cost of Service theory and Ability to Pay Principles. What is common among these theories is the support for imposition of taxes but, advocates for necessary palliatives that would ensure comprehensive and inclusive growth and development that could guarantee general achievement of the objectives of taxation in a given tax system. It is also evident that most of the theories advocate for quality in the imposition of the taxes on the eligible taxpayers. No doubt that these theories have been criticized at one point or the other which supports the incessant tax reforms in the tax systems all over the world. Just as it has been broadly criticized that the determinant of ability of each taxpayer to pay is rather vague, J.S Mill and other classical economists have made suggestion for principles of proportionate in taxation. The proponents of this theory are of the conviction that where taxes are levied in proportion to the incomes of the individual it would have equal tax burden on the taxpayers. Conversely, the modern economists opposed this view on the assertion that the marginal utility of income decreases with increase in income and as such, support progressive system of taxation.

However, the above theories were supported with some degree of modification by the theories of Haig-Simon's definition of income, Samuelson Depreciation and the Cary Brown model. Although, the three theories dwell more on income-base tax system, Cary Brown mode reflects more on pure consumption based income taxes. Consequently, a good income tax system has been generally argued by most authors to be that which agrees with the contents of Haig-Simon's definition of income. The Haig-Simon's definition focused on the point in time when the power to satisfy one's wants increases, not necessarily the point in time when the wants are actually satisfied. It must be noted that Haig's definition was modified by Henry Simon in 1938 which sees income as the algebraic sum of the market value of right exercised in consumption and the change in the value of the store of property rights between the beginning and end of the period in question. In perspective, putting the Nigerian new tax amendment side by side with the Haig-Simon's definition, it can be observed that there is seemingly deviation considering that the tax system does not impose taxes on enhanced property until when realized or disposed off by the entity.

However, Cary Brown model also known as the MIT model contends that when losses of assets are immediately deducted, it would amount to excluding the income from the future annual return of the asset. This Cary Brown model of 1948 did not attract dominance in literature until 1960s and 1970s and subsequently, in the 1980s when its dominance in literature becomes quite voluminous. The Cary Brown theory provides for depreciation (capital allowance) on qualifying capital assets which is meant to reduce tax burden on tax payers. Although, in Nigeria currently, the tax system provides for granting capital allowance only to qualifying capital expenditure but it does not appear proportionate to tax liability or tax paid by the taxpayers. Where the deduction (capital allowance) is in proportionate to tax, investment incentives are restored to the pretax level and as such, reduce cost of business operations in the country. Of course, the theory suggests that where costs of assets are spread over a shorter period of life span or deducted immediately from operating income of an entity, the present value of the tax savings would increase. This goes to suggest that if the cost of an asset can be deducted immediately, the amount of tax saved would be equal to the tax rate multiplied by the cost of the asset. In Nigeria therefore, if the above assumption applies, the taxpayer would invest the tax savings and as such would have multiplier effects on the macro-economy of the ration.

The underlying assumptions of Cary Brown model suggest that the tax rate applicable must remain constant within a foreseeable future; that the deduction must produce an immediate tax savings equal to the deduction multiplied by the taxpayers' marginal tax rate; that the deduction must offset income from other sources and is not lost or delayed and as such, results in an immediate tax benefits to the taxpayers; that the tax savings is assumed to be invested at a rate of return equal to the marginal investment; and the opportunities to invest at the assumed rate of return are unlimited.

In the same category, Samuelson Depreciation theory as developed in 1964 has been viewed quite appropriate in consideration of any tax policy or reform. The theory postulates that the proper amount of depreciation deduction each year is equal to the decline in value of the asset each year. This implies that as each year of useful life expires, the expected stream of payment becomes shorter and the present value of the sum of all remaining payments necessarily declines. The above assumption, of course, is consistent with the contents of Haig-Simon's definition of income theory. Unfortunately, the Samuelson depreciation theory has been generally argued that it is difficult to predict the income stream that the equipment is expected to generate except to some assets such as leases, preferred stock, and fixed rate bonds that its future payments can easily be determined. Notwithstanding the difficulty in application, however, Samuelson depreciation is the most suitable method of apportioning the taxpayer's capital investment in accordance with the economic cost of use.

Challenges and Reservations

There is no doubt that Nigeria is good in developing and coming up with good policies and laws but implementation is always a daunting one. For instance, a number of tax reforms in Nigeria over the years were quite apt but there was no clear evidence that they were actually fully implemented in the country. This challenge sometimes is not outside the fact that the institutions and agencies of government charged with the responsibility of carrying out the tasks are mostly found weak with no parity of authority (power) and responsibility in discharging the duties. In some cases, the institutions are non-independent and as such, suffer external influences which adversely affect their performance (Obodo, 2017). Corruption among the political class and other stakeholders sometimes, appeared to be one of the daunting challenges in Nigeria. The tax administration system in Nigeria is not always free from corrupt practices as the tax proceeds may end up being diverted to a private accounts thereby leaving little or nothing for funding of government projects and programmes. More so, the Federal Inland Revenue Service (FIRS) needs to update skills and increase capacity of her staff to shore up with current trend and realities in taxation. Meanwhile, micro and macroeconomic as well as global economic factors could affect the level of success of the new tax Act. There is no doubt that the current global pandemic (COVID -19) would greatly affect the success of the Act at the short run, especially as most economic activities in the country were under lockdown both locally and internationally. Also of great concern are the policy inconsistency, somersault, and the possible confliction of some constitutional provisions such that the Nigerian judicial system always exploits the loopholes to the detriment of tax revenue accruing to government for public capital expenditure.

Consequently, there is no doubt that the value added tax compliance threshold of N25 million for taxable persons in Nigeria appeared to be in line with the global best practice, but it would adversely affect the cash flow of small manufacturing or trading entities in the country unless it sells with VAT to customers. Considering that such companies would not be allowed to deduct their allowable input VAT from output VAT, it would result to an additional business cost to the organization, since there is no longer room for input-output mechanism. In the same vein, government would be losing revenue at a stage(s) of product development and as such, affect available fund for projects and programmes execution in the country.

Again, company segmentation requires honest, sincere, and trusted organization and her management team in addition to a workable parameter to really ascertain with certainty those companies with annual turnover of less than 25 million naira, between 25 million naira and 100 million naira and above 100 million naira. Unless relevant agencies of government roll out formidable platform and strategies to outsmart possible corrupt minded companies operating in the country, the new provisions would pave way for financial leakages.

Discussion and Conclusion

It is evident from the extant literature that the Finance Act signifies a return to an era of active fiscal supervision which expectedly would motivate regular review of the macroeconomic indices in addition to stimulation of the Nigerian economy. The amendment is targeted at improving revenue required to implement public expenditure, support sustainable increase in public revenue and ensure that tax law provisions are consistent with the national tax policy objectives of the Federal Government of Nigeria(Obayomi, 2020). This would promote fiscal equity by mitigating instances of regressive taxation; reform domestic tax law to align with global best practice; introduce tax incentives for investment in infrastructure and capital markets; widens opportunity for growth and development of micro, small, and medium enterprises in line with the ease of doing business reforms; and improve revenue for government at all levels.

This would of course improve taxpayer compliance, ease tax administration, enforce prompt payment of taxes, and reduce cost of tax administration since the FIRS can now focus its compliance monitoring efforts on large businesses only. There is evidence that the controversy of VAT-ability (in Nigeria) of services provided outside Nigeria by a nonresident company (NRC) would be resolved, manage taxpayers' cash flows, reduce risk of VAT burden for customers, particularly in cases of bad debt. Henceforth, the services rendered by microfinance banks are to be exempted from VAT just as the Act provided that VAT should be accounted for on cash instead of accrual basis such that taxpayers can only recover input VAT paid against output VAT collected.

The amendment covers Companies Income Tax Act, Petroleum Profits Tax Act, Value Added Tax Act, Personal Income Tax Act, Customs and Excise Tariff, Capital Gains Tax Act, and Stamp Duties Act. Considering the global economic realities, the Finance Act also seeks to update the Nigerian tax system by integrating recommendations made by the OECD on taxation of the modern economy and profits earned by non-resident companies. Thus, it replaces existing tax incentives with more targeted incentives to encourage economic activities in the capital market and infrastructure implementation. The Act removed multifaceted insurance tax rules and the excess and interim dividend tax rules that limit the dividend available for distribution to shareholders as contained in the Companies Income Tax Act. Again, the Act introduces tax concessions for business reorganizations such that chargeable gains on assets transferred due to related party business reorganization are exempted from CGT, subject to certain conditions as provided by the Act. In a bid to ensure effective implementation, the Act provides expense deductibility rules such that companies are permitted to only take a tax deduction for expenses incurred in the generation of non-exempt income. The adjustment of the commencement and cessation rules is targeted at stimulating economic activities in Nigeria, as it would stamp out the risk of double taxation.

At present, it is still premature to ascertain with certainty the implications but, inference from literature suggests that the Act is capable of improving public capital expenditure performance subject to proper implementation and institution of necessary framework in the country. Theoretical and empirical review unfolds evidence that VAT increase (from 5% to 7.5%); Companies segmentation (CIT exemption, 20% CIT, and 30% CIT of incomes);VAT compliance threshold (annual turnover of not more than 25 million naira); and other miscellaneous provisions of the new Act could stimulate Nigeria's economy and guarantee improved internally generated revenue for financing of capital expenditure. Thus, it could improve funding of capital expenditure in Nigeria which could pave way for inclusive economic growth and development in the country. Meanwhile, the above reservation is on account that Nigeria is near perfection in policy formulation but, implementation is always a challenge.

Recommendations

It is evident that the VAT increase from 5% to 7.5% would make appreciable influence towards improved funding of capital projects and programmes in Nigeria but, there must be a strong political will of government to stamp out corrupt practices in the country. Likewise, for companies segmentation to stimulate Nigeria economy that could guarantee improved internally generated revenue for funding of capital expenditure in Nigeria, government must develop formidable and automated tax system devoid of manipulation and capable of checking fowl play among stakeholders.

This suggests that government should as a matter of necessity embarks on awareness creation and sensitization among the stakeholders in the Nigerian tax system if the provisions of VAT compliance threshold (annual turnover of not more than 25 million naira)would improve funding of capital expenditure in the country. Nigeria government should also ensure that institutions in charge of tax administration are straightened, empowered, not made rubber stamp and toothless bull dog that dances at the whims and caprices of her master, for other miscellaneous provisions of the new Act to improve funding of capital expenditure, stimulate economic growth, and enhance inclusive development. Of course, the achievement and sustainability of the act's promising provisions depends on among other things, the Nigeria government's ability to continue training and retraining of staff and management of agencies involved in the implementation of the new Act.

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The Future of Accounting in Nigeria through the Lens of Graduate Accountants

*Femi Oladele, Erlinda-Dionco Adetayo**

Abstract

The purpose of this study is to publish a significant empirical finding of accounting graduates' career path preference in Nigeria. This information gives insights into the future of accounting education and profession. It also has implications for policy in higher accounting education and accounting profession. We used multi-stage sampling technique in the selection of sample universities in Nigeria's southwest zone and analyzed 292 questionnaires from accounting graduating students in six sample Universities of Nigeria's southwest geopolitical zone. Our major findings are that accounting graduates would mostly like to be auditors and financial management experts and consultants than financial reporters. In addition, we found that many of our respondents are willing to further their academic studies in accounting.

Keywords: career path; accounting graduates; accounting profession; education

1. Introduction

Accounting continues to remain a globally accepted information system for preparing and presenting financials of transactions and events by reporting entities; this assertion is shared by (Wessels, 2004) and premised on diverse theoretical underpinnings such as the agency theory (Eisenhardt, 1989), stakeholders' theory (Wessels, 2005), stewardship theory, resource dependence theory, institutional theory, and legitimacy theory (Chen & Roberts, 2010), public interest theory, and other theories of the firm. It is even hilariously asserted as the world's oldest profession and the final profession when we give account to our Maker- God. In essence, accounting provides information for decision making (Elumilade, 2010; and Wood, 1972). This imperative action is reinforced by the peculiarities of prevailing circumstances and environment in which businesses operate. In the public and private sectors of Nigeria, for instance, the stakes are high with investments in billions of domestic currency (Naira- N) and foreign currencies such as Dollars ($), Pounds (£) etc., surging risks, incomplete information, unstable and unpredictable political climate, security issues, environmental factors and the likes with potential to change the tides and fortunes of entities. Accountants therefore become professionals on the spot required to exhibit high levels of professional competence showcasing regard for governance culture, integrity, and confidentiality to provide robust, timely, relevant, financial and non-financial information for informed decisions . This stresses the importance of a profession that is central to effective, efficient, and sustainable working of (most likely) all systems- economic, political, social, and cultural and the need to sustain its societal relevance (Wessels, 2004) given that it is multifaceted, multidimensional, and multifarious (Oladele, 2015a, 2015b).In addition, accountants are relevant in all sectors of the economy (Taylor, 1999) and the work of accountants are required as they may not be left out of the scheme of things in organizations, no matter the size, type, structure, object and other identifying variables.

Popular media and literature have been deliberating the issue of graduate employment in Nigeria (Dabalen, Oni, & Adekola, 2001) with an inkling that supply must be tailored to meet demand and of course, this is the general economic model. We realize that accounting graduates should not be stereotyped into the demand for their services. They could choose based on their interest. We however realize that given Nigeria's present economic situation, that position is quite unlikely. This prompted this research into the career preference of accounting graduates to understand the future of accounting.

A secondary motivation for this study is based on an insinuation below:

> "After more than 50 years of producing university accounting graduates, we are still being told that universities produce narrowly educated and focused graduates who can produce bank reconciliations, but cannot think critically" (Parker, Guthrie, & Linacre, 2011).

We assume that this may be in part the fact that market demand is not in favor of accounting graduates' career path preference. Many institutions in Nigeria, especially after the adoption and implementation of the International

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Financial Reporting Standards (IFRS) as the financial reporting framework of Nigeria have heightened teaching of financial accounting courses and focused more on its imperatives. It is necessary to understand that accounting involves cost and management, auditing, taxation, public sector, financial management, environmental reporting, social and human resource accounting and other specialized aspects. While we desire to push global accounting, we must pause and evaluate the career path preference of Nigeria's accounting graduates as well.

This study therefore evaluates students' preference in accounting careers in Nigeria using undergraduates in the graduating class of six universities in the six states of the Southwest region of Nigeria.

Tertiary accounting education in Nigeria

Accounting profession may be viewed from three main areas- practice, research and policy (Laughlin, 2011) which Oladele (2015) referred to as tripartite accounting, while accounting education may be viewed as professional accounting education and tertiary accounting education (Flood & Wilson, 2008). The former gives a candidate the opportunity to become a member of a Professional Accounting Organization, that is, a chartered or certified accountant (Wessels, 2004) and possibly obtain a practice license while the latter advances the study of accounting as a science leading up from a first degree that is, Higher National Diploma or Bachelor of Science (B.Sc.) to a Doctor of Philosophy (PhD) degree in Accounting (Okafor, 2012). Tertiary accounting education in Nigeria is offered in and by polytechnics and universities, apparently and according to Uche (2007) and World Bank (2011) professional accounting education is controlled by professional accounting organizations (PAOs) (see Figure 1). Considerable evidence validates the view that universities are significant producers of highly skilled labour (Dabalen et al., 2001; Okafor, 2012; Ross & Pike, 2011) although Dabalen et al. (2001) submitted that employers are of the opinion that polytechnic graduates possess higher levels of technical competence compared to university graduates.

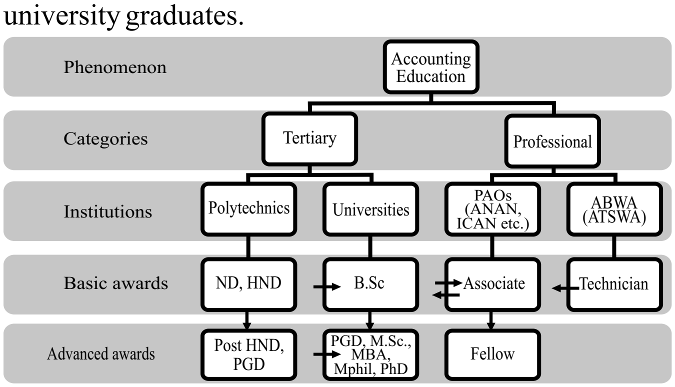

Figure 1: Dynamics of Accounting Education in Nigeria

The model presented in Figure is not exhaustive. Modes of transition from one qualification to another are shown, leaving out the requirements. For example, for a B.Sc. holder to become an Associate of a PAO, the candidate will have to write the qualifying examinations and/or apply for exemption as appropriate and satisfy certain professional experience requirements or in some cases bona fide occupational qualification. It is based on the Nigerian perspective, which may not be what holds in other jurisdictions. There are other dynamic specialized entry routes among qualifications from both categories, which are not captured in the diagram. In addition, it displays a cut across distinction between professional accounting education (PAE) and tertiary accounting education (TAE), yet there are many areas of overlap. PAOs have embraced products of TAE as student members and some PAOs influence curriculum design in many tertiary institutions (TIs). In addition, chartered accountants as different from academically qualified faculty that is, professionally qualified faculty (Boyle, Carpenter, Hermanson, & Mensah, 2013) which Achilles, Greenfield Jr., & Russ (2007) referred to as clinical faculty, represents a significant percentage of the teaching staff in many accounting departments. Therefore, the line between PAE and TAE is not parallel, but meets at many points to enrich the value of accounting education and accountants generally and specifically, respectively.

Okafor (2012) recounted that in Nigeria, university based accounting education started in the University of Nigeria in 1961 when it opened its doors to the very first batch of university undergraduate accounting students, while the history of accountancy programmes seems unclear. Tertiary accounting education in Nigeria has grown in diverse dimensions over the years and in innovation supporting the claim by KPMG (2015) that higher education propels the advancement and dissemination of knowledge. It has developed to postgraduate degree level, which affords curricula mainly for intensive academic and research exposure geared towards producing top business executives and university academia (Okafor, 2012) . As at 2011, Okafor (2012) submitted that there were 118 universities in the country while 49 were offering B.Sc. degree programmes in accounting with an average of 200 students intake per accounting Department per academic session. This has grown to 141 universities of which 81 are offering B.Sc. degree programmes in accounting and 72 accredited by ICAN (ICAN, 2015; NUC, 2016) and the number of polytechnics has increased as well (Table 1andTable2). Statistics of universities offering conversion courses, postgraduate diploma (PGD) and other postgraduate qualifications remain inaccessible. Despite the statistics presented in Table 1 and Table2 there are serious concerns that tertiary education has deteriorated significantly undermining the core values of quality (Dabalen et al., 2001).

Table 1: Nigerian tertiary institutions and academic accounting programmes

Universities	NUC licensed	NUC accredited(accounting)	ICAN recognized/ accredited	Undergraduate (accounting)		Postgraduate (accounting)				
				Basic	Conversion	PGD	M.Sc.	MBA	MPhil	PhD
Number	141	81	72	81	NI	NI	NI	NI	NI	NI

Polytechnics	NBTE licensed	NBTE accredited (accountancy)	ICAN recognized/ accredited	Undergraduate (accountancy)		Post-HND
				ND	HND	
Number	95	78	46	78	55	0

Source: ICAN (2015); NBTE (2014, 2015); NUC (2016)
NI: No information

Table2: Tertiary institutions and ownership structure in Nigeria

		OWNERSHIP STRUCTURE			
		Federal	State	Private	Total
INSTITUTIONS	Universities	40 (28%)	40 (28%)	61 (43%)	141 (100%)
	Polytechnics	25 (26%)	40 (42%)	30 (32%)	95 (100%)
	Total	65 (27%)	80 (34%)	91 (39%)	236 (100%)

Source: (NBTE, 2014, 2015; NUC, 2016)

Universities and polytechnics receive license to operate from NUC and NBTE respectively, while specific programmes are accredited and ICAN recognize institutions and accredits their accounting/accountancy programmes. In addition, "accounting" is usually used by universities while many polytechnics have adopted the use of "accountancy".

This study uses universities in Nigeria's southwest (SW) zone, because it is widely agreed that SW was first to accept western education and the leading zone in education in Nigeria. There are six States in this region namely Ekiti, Lagos, Ogun, Ondo, Osun and Oyo with thirty-seven (37). Ekiti and Ogun have the lowest and highest number of Universities respectively. (ICAN, 2015; NUC, 2016) (see Table 3)

Table 3: Categorized Distribution of Universities in Nigeria

		OWNERSHIP STRUCTURE			
		Federal	State	Private	Total
CATEGORY	Nigeria	40	39	50	129
	Southwest	7	9	21	37
	Accredited SW Universities running accounting degree programmes*	2	6	15	23

*ICAN list of recognized and accredited universities

In Nigeria, there are three main categories of universities that is, stratified into three ownership structures falling under public, that is, Federal and State Governments and private ownerships. This study focuses on universities only. Other tertiary institutions, which are not considered for the purpose of this research, are polytechnics, monotechnics, colleges of education, health technology and specialized institutions such as Vocational Enterprise Institutions, Innovative Enterprise Institutions. This is so, because they are specific purpose institutions and most times do not offer degrees in Accounting major, albeit polytechnics offer accounting or accountancy programmes.

Method

This research is descriptive and assesses the career preference of accounting students in the graduating class. Questionnaires were administered to students of the graduating class in the Department of Accounting from six (6) Universities in southwest Nigeria. The questionnaire was divided into sections: the first section labeled 'Section A: Demographic Characteristics' listed questions bothering on respondent's demographics and personal data. Since the Questionnaire was administered to graduating class students in the Department of Accounting, age and gender were the only variables queried. The second section was tagged 'Section B' queried respondents' choice of postgraduate studies and career choice. Respondents were asked to state their current Cumulative Grade Point Average (CGPA). CGPA is used as a measure of academic performance. The Questionnaire was differentiated by a code in line with the acronyms of the universities as follows: AAUA, ABUAD, CU, LAUTECH, OAU, and UNILAG. In all, three hundred and eighteen (318) questionnaires were administered.

Multi-stage sampling technique was employed in the selection of six (6) universities from States in Nigeria's southwest zone and two each based on ownership structure (see Table 4 and Table 5). Universities in southwest Nigeria were identified and categorized based on ownership structure. Subsequently, effort was made to identify universities , which currently have obtained valid ICAN and NUC accreditation status to run programmes leading to the award of degrees in Accounting, and finally, two based on ownership structure were selected. Only two Federal Universities meet the above criterion, this was used as a benchmark for the selection of two each from State and Private Universities , then random sampling was used in selection of two each out of six states universities and out of fifteen Private Universities considering the four States left. These universities cut across all States in the southwest zone. In addition, sample universities have students in the graduating class (400 level or 500 level) and the six states that make up the southwest in Nigeria were duly represented in the sample. The sample universities for this research are Adekunle Ajasin University, Akungba-Akoko (AAUA) Ondo State; Afe Babalola University, Ado-Ekiti (ABUAD) Ekiti State;Covenant University, Ota (CU) Ogun State; Ladoke Akintola University of Technology, Ogbomoso (LAUTECH) Oyo State; Obafemi Awolowo University, Ile-Ife (OAU) Osun State; and University of Lagos, Akoka (UNILAG) Lagos State.

Table 4: Distribution of Universities in southwest Nigeria

		Ownership structure			TOTAL
		Federal	State	Private	
States in South west Nigeria	Ekiti	1	1	1	3
	Lagos	2	1	3	6
	Ogun	1	2	7	10
	Ondo	1	2	3	6
	Osun	1	1	5	7
	Oyo	1	2	2	5
	TOTAL	7	9	21	37

Source: (NUC, 2016)

Table 5: Southwest Nigerian Universities by ownership

OWNERSHIP STRUCTURE		
Federal	State	Private
Federal University of Agriculture, Abeokuta	*Adekunle Ajasin University, Akungba-Akoko	*Achievers University, Owo
Federal University of Technology, Akure	*Ekiti State University, Ado-Ekiti	Adeleke University, Ede
Federal University, Oye-Ekiti	*Ladoke Akintola University of Technology, Ogbomoso	*Afe Babalola University, Ado-Ekiti
National Open University of Nigeria, Lagos	*Lagos State University, Ojoo	*Ajayi Crowther University, Oyo
*Obafemi Awolowo University, Ile-Ife	*Olabisi Onabanjo University, Ago-Iwoye	*Babcock University, Ilishan-Remo
University of Ibadan, Ibadan	Ondo State University of Science and Technology, Okitipupa	*Bells University, Ota
*University of Lagos, Akoka	*Osun State University, Okuku	*Bowen University, Iwo
7	Tai Solarin University of Education, Ijebu-Ode	*Caleb University, Imota
	Technical University, Ibadan	CETEP City University, Lagos
	9	*Covenant University, Ota
		*Crawford University, Igbesa
		*Crescent University, Abeokuta
		Elizade University, Ilara-Mokin
		*Fountain University, Osogbo
		*Joseph Ayo Babalola University, Ikeji-Arakeji
		*Lead City University, Ibadan
		Mcpherson University, Seriki Sotayo, Ajebo
		Oduduwa University, Ipetumodu
		Pan African University, Lagos
		*Redeemers University, Mowe
		*Wesley University of Science and Technology, Ondo
		21

Source: NUC List of accredited Universities in Nigeria (2014) and *ICAN List of accredited tertiary institutions (July 2014)

Questionnaires were administered with the help of ad hoc research assistants and lecturers in the Department of Accounting in the selected sample universities. We used descriptive and inferential statistics for data presentation and interpretation, while basic measures of central tendency and dispersion were used for data analysis.

Yamane's formula was used on the population size of 1552 to determine a reasonable sample size (318), with a margin of error of 5%. The sample size was then apportioned as a ratio of each selected University's accounting graduating students' population over total population of the study (see Table 6)

Table 6: Sample size distribution of selected Universities in southwest Nigeria

S/N	UNIVERSITIES	POPULATION	SAMPLE
1.	Adekunle Ajasin University, Akungba-Akoko	85	17
2.	Afe Babalola University, Ado-Ekiti	67	14
3.	Covenant University, Ota	220	45
4.	Ladoke Akintola University of Technology, Ogbomoso	500	102
5.	Obafemi Awolowo University, Ile-Ife	350	72
6.	University of Lagos, Akoka	330	68
TOTAL		1552	318

Source: Field Survey, 2015

Results and Discussion

Responses and Respondents' Demographic Data

Three hundred and eighteen (318) questionnaires were administered in six universities in southwest Nigeria, out of which two hundred and ninety two (292) were returned, filled appropriately and deemed useful for analysis. This amounts to approximately 92% of the questionnaire administered. Data in Table 7 show the gender distribution of responses and number of Questionnaire administered and returned, filled appropriately and useful for analysis.

Table 7: Universities and Gender Distribution of Responses

Universities	Administered	Returned	%	Male	Female
AAUA	17	17	100.00	16	1
ABUAD	14	11	78.57	3	8
CU	45	38	84.44	10	28
LAUTECH	102	88	86.28	31	57
OAU	72	70	97.22	42	28
UNILAG	68	68	100.00	32	36
Total	318	292	91.82	134	158

Source: Field Survey, 2015

Respondents in the 18-20 years age group are highest, with approximately 36%, followed by respondents in the 24-26 age group with absolute 25% and closely tailed by respondents in the 21-23 age group with approximately 25%, while older respondents above 27 years account for less than 15% (see Table 8). This statistics show that most of the respondents will graduate and be able to partake in the one-year compulsory National Youth Service Corps scheme. In addition, graduation statistics imply that labour force in Nigeria is tending towards teenagers and early twenties. This is particularly in line with many job adverts requiring entry-level applicants to be less than 25 years of age.

Table 8: Respondents Age Statistics

Age group	Frequency	Percentage (%)
18-20	104	35.62
21-23	72	24.66
24-26	73	25.00
27-29	23	7.88
30 and above	20	6.85
Total	292	100.00

Source: Field Survey, 2015

Results presented in Table 9 show that 134 (46%) respondents are male, while 158 (54%) are female fairly presenting the distribution of gender admission and population in Nigerian tertiary institutions.

Table 9: Respondents' Gender Statistics

Gender	Frequency	%
Male	134	45.89
Female	158	54.11
Total	292	100.00

Source: Field Survey, 2015

Most (approximately 62%) of the respondents who disclosed their academic grades fall into the second-class upper division with 1% falling in the third class division and approximately 9% in the first class division while others fall in the second-class lower division. This shows a fairly academically sound distribution of respondents. Results also show that most respondents are unwilling to disclose their CGPA with 38%. CGPA is mostly considered confidential information, even by academics.

Table 10: Academic Standing of Respondents

Division	Frequency	Percentage (%)
Third class	3	1.03
Second class lower	48	16.44
Second class upper	104	35.62
First class	26	8.90
No response	111	38.01
Total	292	100.00

Source: Field Survey, 2015

Respondents' career preference

Respondents were asked to choose what career path they desire to pursue. Data in Table 11show that more than 19% of respondents prefer to become Auditors, while 15% will like to be financial management consultants. Public Sector Accountants rank next with 7%, while Cost/Management Accountants follow up with 6%. Tax Consultant is next with 5% while Financial Reporting Accountants fall as the lowest with approximately 4%.

Table 11: Respondents' Career Choice

Variables	Frequency	Percentage (%)
Auditor (External/Internal)	57	19.52
Financial Management Expert/Consultant	45	15.41
Public Sector Accountant	22	7.53
Cost/Management Accountant	19	6.51
Tax Practitioner/Consultant	15	5.14
Financial Reporting Accountant	11	3.77
Others	26	8.90
No response	97	33.22
Total	292	100.00

Source: Field Survey, 2015

Respondents' Choice of Further Studies

Most of the respondents agree that they intend to continue to study Accounting at a higher level as 29% strongly agree to pursue further study in Accounting and 35% agree, while approximately 18% disagree to pursue Accounting at a higher level. A very significant SD score of 1.22 shows disparate variations in responses. However, we failed to ask for the reason(s) for their choice.

Table 12: Desire for further studies

Variables	SA (%)	A (%)	N (%)	D (%)	SD (%)	TOTAL (%)	Mean	SD
Further studies	86 (29.45)	103 (35.27)	51 (17.47)	28 (9.59)	24 (8.22)	292 (100)	3.68	1.22

Source: Field Survey, 2015

We queried respondents' choice of further studies and data in Table 13 show significant variance in their choice of further study, while almost 35% of the respondents did not give any response to the question. More than 31% of the respondents are willing to pursue MBA degree, while more than 32% want to go for M.Sc. degrees, while 1% opts to go for both. One particular respondent opted for a postgraduate diploma, which was not on the list of postgraduate programme of study in the questionnaire. This shows largely that respondents are aware of the differences between the degrees.

Table 13: Respondents' Higher Degree Preference

Degrees	Frequency	Percentage (%)
MBA	91	31.16
M.Sc.	95	32.53
No response	101	34.69
Both	4	1.37
Others	1	0.34
Total	292	100.00

Source: Field Survey, 2015

Conclusion and recommendations

Our study is limited in many areas, although we have been able to close a significant gap in literature; which is empirical information of accounting graduates' career preference. Other studies can go on to compare the demand and supply sides of each career path. Unfortunately (and supported by Dabalen et al. (2001)) we could not assess data on the demand for graduate accountants in Nigeria. This information would have provided a convenient basis to compare the respondents' preference with market demand to provide more insights.

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Value Relevance of Corporate Social Responsibility Disclosure

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Abstract

The main aim of this study was to assess the extent to which value relevance impacts on corporate social responsibility disclosure (CSRD) in selected firm in Nigeria. The specific objectives were to evaluate the extent to which market capitalization (MCZ) influenced CSRD of selected firms in Nigeria; analyze to which extent its return on assets impacted on CSRD of selected firms in Nigeria; and investigate the extent to which volatility of stock price (VOA) influenced CSRD of selected firms in Nigeria. The study employed secondary data from selected firms in Nigeria Stock Exchange (NSE) annual reports for 11years, from 2009 to 2019. The study adopted multiple pooled ordinary least square (OLS) regression techniques for analysis. It was observed that MCZ, VOA exert insignificant influence on CSR while return on asset (ROA) has significant impact. It also found that growth rate (GRT), cash availability (CAT) has insignificant effect on CSR while leverage (LEV) exerts significant effect. This showed that decrease in MCZ, volatility of stock price leads to decrease in CSR, hence, exhibited a weak factor among MCZ, VOA, GRT and CAT but a strong determinant on ROA. The study concluded that information about CSR is an alternative and major concern for users of financial statements to accounting information. Hence, companies are to subscribe to the detailing requirement indexes by global reporting initiatives as a standard gold for CRS disclosure.

Key words: Value Relevance, Disclosure, Corporate Responsibility, Social Responsibility, Volatility, Stock Price, Returns on Asset, Leverage, Market Recapitalization

1.0 Introduction

Information disclosure provided by companies related to the environment will be taking into account by analysts and shareholders for making investment decisions (De Klerk & De Villiers, 2012). Relevant information allows investors to measure company value greatly. The value approach shows that investors want to make their own predictions regarding the future return of securities, hence, curtained that is able to collect and process all information to achieve this goal (Scott, 2015: 154). Accounting plays a significant role within the concept of generating and communicating value of companies (Meyer, 2007). Today, accounting information is mainly disseminated by firms through annual reports (Gitahi, Nasieku & Memba, 2018). Meyer (2007) noted that annual reports still remain the most important source of externally feasible information on firms. It has been claimed that information disclosed in annual reports is the main factor that most investors consider when making decisions (Wang, Gang & Chao, 2013). Accounting information in firm's annual reports shows the firm's economic status (Weygandt & Kimmel, 2003). Accounting information can be financial or non-financial.

Financial information is information about a reporting entity's financial condition included in the basic financial statements, namely, statement of financial position, statement of comprehensive incomes, statement of changes in equity and statement of cash flows (International Accounting Standard Board [IASB], 2011). Non-financial information is any information that does not have to be included in the IAS 1 description of financial statements (Ronnie, 2009). Non-financial information, also referred to as narrative accounting, which may not be expressed in numbers or financial figures and it can have financial-statement relation or not (Thomas, Céline, & Ludwig, 2013). Accounting information is deemed to be value relevant if it has a relationship with equity market value and, if it increases the power of the estimating equation in estimating market values (Barth, Beaver & Landsman, 2001). In view of global financial crisis, such as, the collapse of leading corporations in United States and Europe in 2001-2002 as well as 2017/2018 (Umanhonlen & Lawani, 2015) which resulted in the largest insolvencies in history (for example, Global Crossing, WorldCom, Adelphia Communications, Enron and Tyco International) and the 1998 wave of financial crisis in the Russian, Asian and Brazilian economies which later threatened the steadiness of the global financial system.

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This brought about turbulent time in stock markets across the world, which has over time raised unique questions on the value relevance of annual reports. It is widely believed that these series of events are triggered by the deficiencies in the accounting information reported in annual reports (Organization for Economic Cooperation and Development [OECD], 2004; Claessens, 2006). There is a perspective that accounting theory and practice have failed to keep pace with the rapid economic and technological changes which invariably impact on the value relevance of annual reports (Oyerinde, 2011). The argument is that financial figures have little relevance in determining the fundamental market value of companies. Accordingly, in a book, "Intangibles - Management, Measurement, and Reporting", assessed the impact of intangibles on firms' performance and market values. The author details case studies and real-world examples on management difficulties, risk, and questions of property rights, marketability and cost structure to demonstrate that on average about 80% of the market capitalization can be attributed to intangible asset, whereas only 20% to the tangible assets underlined in financial metrics (Lev, 2000).

In Nigeria, corporate social reporting is still largely voluntary and companies exercise reasonable control over the choice to report or disclose their CSR related activities. CSR reporting has both gains decisively in importance on the company level. Their motivation for disclosure could be viewed as a purely endogenous function of a company's evaluation of the cost-benefits of such disclosure and other associated firm specific factors. Furthermore, the effect of economic rationality seems to have led to the inducement of corporate social disclosure and its increasing growth especially within the context of voluntary CSR disclosures. Therefore, CSR activities depend on how the information affects the stock market value of shares. Firms are more interested in adopting CSR practices to obtain an advantage when it comes to accessing financial resources (Miralles-Quiros, Miralles-Quiros & Goncalves 2018).

The research on corporate social responsibility (CSR) disclosure has attracted much attention over the past years. The emission of gaseous substances and the discharge of liquid and solid wastes are not without their attendant consequences on the health and socio-economic activities of the people who reside in this area (Werhane & Freeman, 1999). However, the main objective of the study was to assess the extent to which value relevance has impacted on corporate social responsibility disclosure of selected firms in Nigeria, while specific objectives were to: evaluate the extent to which market capitalization influenced corporate social responsibility disclosure of selected firms in Nigeria; analyze to what extent its return on assets impacted on corporate social responsibility disclosure of selected firms in Nigeria; and investigate the extent to which volatility of stock price influenced corporate social responsibility disclosure of selected firms in Nigeria.

1.1 Statement of the problem.

Firms derive their value from the market expectations of their performance. Accounting provides the necessary information for the market to form these expectations (Benoit, Colletaz, & Hurlin, 2014; Ohlson, 1999; Swati, 2016). Over time, experts have observed the difference between a firm's total value as measured in stock price and the value of its tangible assets underlined in financial metrics (Gitahi, Nasieku & Memba, 2018). On average, about 80% of the market capitalization can be attributed to intangible asset, whereas only 20% to tangible assets underlined in financial metrics (Lev, 2000; Ocean, 2015). To correct the information asymmetry that exists between managers and investors, experts have argued that non - financial disclosure forms or should form a progressively vital part of annual reports for investor decision-making (Belinda & David, 2008). Consequently, accounting regulators have revised existing and/or produced new reporting standards or rules which require entities to include non - financial disclosures in their annual reports (Topazio, 2013).

However, studies on the value relevance of non-financial disclosures have yielded contradictory inferences or inconclusive findings. In view of this, most studies conducted on the value relevance of corporate social responsibility disclosure revealed that there is no relationship between the corporate social responsibility disclosure and market value equity (Alan et al., 2006; Jones, Frost & Laan, 2009; Moneva & Ortas, 2008). On the other hand, some studies have also observed a relationship between the corporate social responsibility disclosure and market value equity (Dan, Oliver, Albert & Yong, 2011; Xueming & Bhattacharya 2006).What is more, many value relevance studies on non-financial information have been done in developed countries such as Europe and Northern America (Nasieku & Memba, 2018).

Value relevance studies on non- financial information have neglected developing countries (Dhiaa, 2012). Value relevance studies on non-financial information in emerging economies are limited and therefore the impact on stock price behaviour in these economies still remain an unanswered question (Negah, 2008). In Nigeria, there are some unresolved issues with respect to the extent at which corporate social responsibility disclosure has influenced value relevance. The profit-maximizing rule proposed by the traditional theory of economics as one and only aim of business operations does not explain the behavior of many types of companies that is observed in recent times. In view of the inconclusive findings in the existing literature, this study sought to extend the line of research on value relevance by determining whether value relevance have a significant influence on corporate social responsibility disclosure in Nigeria firms. Therefore, this work seeks to find answers to the following questions as: How far does market capitalization influence corporate social responsibility disclosure of selected firms in Nigeria? To what extent has return on assets impacted on corporate social responsibility disclosure of selected firms in Nigeria? How far has volatility of stock price influenced corporate social responsibility disclosure of selected firms in Nigeria?

2.0 Review of Related Literature

2.1 Conceptual Review

Firms are increasingly seen as being accountable not only for their financial gains but also to their social and environmental impacts (Brammer & Pavelin, 2008). Besides that, environment impact assessment of global initiatives required continuous evaluation of the impact/effect of business activities on the environment and how the activities generate financial implication of the wealth of the various stakeholders (Asuquo et al., 2021). According to Aboody, Hughes and Liu (2002), the ability of accounting information to capture or summarize information that affects share values is called value relevance. The term 'value relevance' is known to have been first used by Amir, Harris, and Venuti (1993). Though, literature on the value relevance concept dates back to the nineteen sixties with early contributions by (Ball & Brown, 1968; Beaver & Dukes, 1972). Limited literature examines the value relevance of CSR disclosure.

Cho, Lee, and Pfeiffer (2013) investigated the relationship between CSR performance and information asymmetry. It found that CSR performance is inversely related to information asymmetry. The association, however, can be seen only in companies with less institutional investors, implying that information relating to CSR performance is tied to only fully informed investors. Ulmann (1985) argued that firms use social disclosures in order to manage relationships with their stakeholders. He suggested that social disclosure is a function of three dimensions: stakeholders' power, strategic posture and economic performance. Uyar and Kiliç (2012) noted that the relationship between voluntary disclosure and a company's value depends on the measure of a company's value, for example, market to book value and market capitalization. In the recent times, companies in Nigeria are encouraged to voluntarily give narrative information about their CSR activities in their annual reports.

In Nigeria, Companies and Allied Matters Act (CAMA, 2020) as amended specifically mandates companies to disclose such information in the directors' report which is a component of the audited annual financial statements. However, there are doubts as to the validity of the announced CSR investment (Tsoutsoura, 2004). There are several factors presented in the literature that could contribute to the level of CSRD. In general, they can be divided into three main categories among which are financial characteristics such as profitability or financial leverage. Corporate governance characteristics such as chief executive officer duality or presence of women on the board, and firm-specific characteristics such as firm size or industry profile. The application of these factors mentioned in above groups in studies varies. Giannarakis (2014) used as a proxy for the extent of CSR disclosure on the environmental, social and governance disclosure. Scores calculated by Bloomberg while Reverte's (2009) data on CSR disclosure ratings come from the observatory on corporate social responsibility (OCSR).

2.1.1 Firm Size and Corporate Social Responsibility Disclosure

There is link in the literature with regards to the effect of firm size on CSR reporting. The effect has been identified as positive as a firm size is expected to increase its reporting level. There are at least three reasons for this link. Firstly, large firms are more willing to disclose information to reduce their political costs, since their higher visibility can easily lead to more litigation and governmental intervention (Watts & Zimmerman, 1978). Secondly, owing to more developed internal reporting system, the costs associated with a higher disclosure level are lower for large firms (Bujaki & Richardson, 1997). Thirdly, smaller firms are more likely to hide crucial information because of their competitive disadvantage within their industry (Singhvi & Desai, 1971).

These studies posited that corporate size would be related to social responsibility activities because larger companies are more likely to be scrutinized by both general public and socially sensitive special interest groups (Firth, 1979). Exploring the relationship between size and social and environmental disclosures has produced some what more consistent results (Setyorini & Ishak, 2012). No relationship has been found between size and social and environmental disclosures (Singhvi & Desai, 1971). According to the Political Cost Hypothesis of Positive Accounting Theory larger firms have higher political costs due to their visibility which might lead to higher government and society attention (Setyorini & Ishak, 2012). Agency theory and legitimacy theory also contain arguments for a size-disclosure relationship (Ahmed & Duellman, 2007). In addition companies with higher visibility tend to report more information to improve corporate image (Phillips, 2003).

2.1.2 Profitability and Corporate Social Responsibility Disclosure

According to stakeholder theory, economic performance of a firm affects management decision to engage in corporate social and environmental reporting or disclosures. When companies are not performing well, economic demands take precedence over social and environmental responsibility expenditures (Roberts, 1992). Furthermore, such a firm is less likely to have the financial ability to disclose more information to satisfy the needs of the various stakeholders of the company (Gray, Kouhy & Lavers, 2000). Stakeholder theory postulates a positive relationship between economic performance and the level of decision by a company to engage in CSR reporting. Stock market returns are highly influenced by prediction for stock market which tackles the risks of investment in stock markets (Rashmi, Priti & Hemendra, 2020). Profitable firms are more likely to disclose more information in order to screen themselves from less profitable firms (Ferreira, Branco, Moreira, 2012). Therefore, there is an increasing demand for firms to report publicly on different aspects of their CSR performance by the influencing stakeholders (Anwar & Malik, 2020).

Prior empirical research on the relation between corporate environmental performance and profitability has reported mixed results (Busch & Hoffmann, 2011). Some studies sought to examine the implications of profitability on environmental issues; others examined the long-term relationship between corporate social, environmental performance and corporate performance, using the percentage change in three pollution measures and various accounting ratios as empirical proxies for environmental performance and corporate (Freedman & Jaggi, 1994). An inverse relation between environmental and corporate performance is in line with the orthodoxy associated with traditional economic thought that depicts this relation as a tradeoff between the firm's profitability and acting on its environmental responsibility (Freeman, 1984).

2.1.3 Board Size

Board size is one of the corporate governance attributes frequently used in CSR disclosure studies. CSR results are equally important for decision makers (Tahir, Muhammad, Inzamam & Sarwat 2021). Abeysekera (2010) states that a larger board size can help boards to overcome skill deficiencies in making more discretionary disclosure related to future earnings. The results of Chapple and Moon (2005) study implied that larger board size through wider exchange of ideas and experiences could lead to better appreciation and involvement in CSR activities and hence its disclosure in annual report. Studies conducted by Siregar and Bachtiar (2010), Esa and Mohd Ghazali (2012); Wang (2017) showed that the board's size was positively associated with the extent of CSR disclosure. According to Dienes and Velte (2016), the size of the supervisory board has no impact on CSR reporting. Similarly, Cheng and Courtenay (2006) found no association between the board's size and voluntary disclosure. Hence, CSR is a genuine effort by business entities to minimize negative impact and maximizing the positive impacts of its operations (Mawih, 2021).

2.1.4 Measuring Firm Value

There is no agreement in the literature about an ideal measure for firm value (Mangena, Tauringana, & Chamisa, 2012; Albassam, 2014). Study by Khaleed (n.d) on value relevance of CSRD of Saudi companies uses Tobin's Q ratio, market capitalization (MC) and return on assets (ROA) as a measure for firm value and found that both CSR disclosure quantity and quality are significantly associated with the firm value measured by MC. This study used three measurements of firm value. These are market capitalization (MC), stock volatility (SCV) and return on assets (ROA). These measures are used extensively in prior studies. The standardization of this type of measure would be helpful to develop comparability with other studies (Munisi&Randoy, 2013). Doeswijk, Trevin & Swinkels (2019) noted that market portfolio contains all assets in which financial investors have invested. An analyst can use stock market data to identify over/under exposure to risk factors and construct an optimally designed portfolio that meets investment objectives (Jamil, Jamil & Waoh, 2021). The inability to adjust the data of the financial market would prevent the smooth functioning of the financial system and adversely affect the development economic of a country (Abdulaziz, 2019). Accordingly, Abdulla, Wither, Zhankiu & Goodwin (2 020) noted that higher volatility tends to raise required returns on corporate stocks and lead to low stock price.

2.1.5 Corporate Responsibility Reporting

There are increasing calls for companies to take accountability for their environmental and societal impacts (De Villiers, 1998; De Villiers & Vorster, 1995; Lawrence, Botes, Collins, Roper, 2013; Mitchell & Quinn, 2005; Nel & Nienaber, 2012; An, Harun, & Sharma, 2013). As a result, many companies make voluntary disclosures about the effects of their activities on society and the environment and how they are being managed (Massa, Farneti, Scappini, 2015; Samkin, 2012; An, Harun, & Sharma, 2014), leading to much interest among academics (De Villiers, 2003; Schaltegger et al., 2013; Sharma & Kelly, 2014). Preparing voluntary CSRD involves organizational time and money. However, one would expect that firms gain from the decision to release such disclosures otherwise they would not choose to do so. Researchers have investigated how firms gain from voluntary CSRD in a number of ways, with many focusing on the information's value relevance to investors (Myburgh, 2001; De Klerk & De Villiers, 2012; De Klerk, De Villiers, & Van, 2015). Shareholders do consider the voluntary disclosure of social and environmental information important and seek the information from annual reports and other sources (De Villiers & Van Staden, 2010; Deegan & Rankin, 1997; Epstein & Freedman, 1994).

Nonetheless, prior studies reveal mixed evidence as to the value relevance of CSRD. Holm and Rikhardsson (2008) provide strong evidence that environmental information has value relevance to investors by employing an experimental study to investigate whether environmental information affects the investment allocation decision of investors. The results indicate that positive environmental information is positively valued by investors. This finding is consistent across different investment scenarios (Holm & Rikhardsson, 2008). It signals that investors interpret environmental information as reducing risk associated with the company rather than being concerned with the cost of such environmental actions. In testing the value relevance of environmental performance information to investors in Swedish firms, Hassel and Nilsson and Nyquist (2005) employ the Ohlson (1995) model. The authors consider the relationship between environmental performance disclosures and firms' market values in terms of the cost-concerned school of thought and the value creation school of thought.

Under the cost-concerned perspective, environmental disclosures are expected to cause the market value to decline. It is seen that investments in environmental projects only represent increased costs, which decreases the firm's earnings. Alternatively, the value creation school of thought suggests that environmental investments are a way to enhance a firm's competitive advantage, and thus improve the prospects of future earnings, which in turn improves market value. The results show that in relation to environmental performance disclosures, the market value of the firm decreases. Moneva and Cuellar (2009) examined the value relevance of financial and non-financial environmental disclosures made in the annual reports of a sample of listed Spanish companies. Both compulsory and voluntary environmental disclosures were analyzed. In order to assess the value relevance of such disclosures, the authors performed a regression based on Ohlson's (1995) model. This enables the authors to investigate the impacts of environmental activities on Income Statement accounts and the valuation of future profitability and growth through environmental investment projects. The results support the importance of financial environmental information to investors when valuing companies.

However, non-financial environmental disclosures were not found to have relevance to investors. The insignificant results may be explained by firms using non-financial environmental disclosures in self-promotion, whereby they overstate positive environmental contributions and understate negative impacts. Alternatively, the non-financial disclosures could be more associated with long-term strategic decisions while Spanish market investors focus more on the short-term strategies of firms (Moneva& Cuellar, 2009). Similarly, the link between firm value and CSRD for Finnish firms was tested by Schadewitz and Niskala (2010). The Ohlson (1995) model was employed using an indicator variable of whether or not a firm followed the Global Reporting Initiatives (GRI) guidelines to represent CSRD. They found that CSRD which followed the GRI guidelines aided investors in making a more precise market valuation of the firm. This indicates that information from CSRD reduces information asymmetry and has incremental value to investors (Schadewitz & Niskala, 2010).

2.1.6 Value Relevance of Corporate Social Responsibility Information

Accounting value is the result of a measurement procedure that corresponds to accounting regulations and law (Lawani, Umanhonlen & Okolie, 2015). One of the alternative information that is of concern for companies and other users of financial statements is information about corporate social responsibility (CSR). Many companies disclose CSR information of the company, but not all of the reports are based on the GRI index, which is considered a 'gold standard' for CSR disclosure (Shah, 2016). CSR information begins to show its value relevance, but the value relevance is not sufficient and consistent.

This indicates that CSR information begins to be considered as relevant information, as expressed by Lako (2010), but on the other hand it also indicates that the quality of CSR reports still needs to be improved so that the relevance of information values becomes greater and consistent. Companies that report their good corporate sustainability activities find that it is very difficult to deliver accurate and timely information, but also meaningfully and successfully attract the attention of their stakeholders (Shah, 2016). In addition to accounting information, relevant information can be obtained through disclosures in the company's annual report, one of which disclosures includes corporate social responsibility.

2.3 Theoretical Framework

The theory of stakeholders, agency, legitimacy, signaling and capital need is relevant to this research on value relevance of corporate social responsibility disclosure. The theories that are considered relevant to this study had been in decades over propounded and developed by most notable school of thoughts; economists and socialists. Few of them were highlighted amongst others to buttress our claim as follows:

2.3.1 Stakeholder Theory

This theory gives rich insights into the factors that motivate managerial behaviours in relation to the social and environmental disclosure practices of organizations. Stakeholders have been identified as 'those groups who have an interest in the actions of the corporation (Freeman, 1983). The stakeholder theory redefined stakeholders as any individual or group who has an interest in the firm because he (or she) can affect or is affected by the firm's activities (Freeman, 1984). Furthermore a stakeholder has been defined as 'any individual or group who can affect or is affected by the actions, decisions, policies, practices, or goals of the organization (Becker, Harrison & Wicks, 2005). Also, stakeholders can be identified by the legitimacy of their claims which is described by a relationship of exchange between themselves and the organization, and hence stakeholders consist of stockholders, creditors, managers, employees, customers, suppliers, local communities and the general public. Stakeholder theory suggests that an organization will respond to the concerns and expectations of powerful stakeholders and some of the response will be in the form of strategic disclosures (Jensen, 2001). Previous social and environmental accounting research which utilized these theories indicate that organizations respond to the expectations of stakeholder groups specifically, and more generally to those of the broader community in which they operate, through the provision of social and environmental information within annual reports, and in so doing reveal the legitimation motives underlying such organization's disclosures (Dhaliwal, Naiker & Navissi, 2006).

2.3.2 Agency Theory

It has been widely used to explain and understand disclosure phenomena by accounting researchers in many countries with diverse social, political and economic backgrounds (Depoers, 2000; Inchausti, 1997). Ittonen (2010) observes that current mainstream accounting research is based extensively on economic models of agency that represent the operating company (firm) manager as the "agent" and the individual investor as the "principal". The agency theory is basically concerned with the principal-agent relationship where the principals are the owners and the agents are the managers. Reporting is a key tool managers used to communicate firm-performance and operational activities with external investors, hence reducing information asymmetry (Healy & Palepu, 2001). Communication between these parties is essential in the functioning of efficient markets. External investors require relevant corporate information when determining the current value of a firm (Healy & Palepu, 2001). Discretionary disclosures are made in an attempt to reduce the information asymmetry apparent between a firm's managers and its external investors (Brammer & Pavelin, 2006).

Against this backdrop, reports and disclosures make the actions of managers more transparent to investors. CSRD provides qualitative information regarding a firm's corporate responsibility. The benefit of non-financial information is that managers often disclose more information about their activities than is required by law (Cormier & Magnan, 2007). Thus, using agency theory one can argue that CSRD is carried out because it reduces information asymmetry, allowing investors to make more accurate market valuations. The information disclosed through CSRD will be value relevant if it fulfils this function and provides incremental value to investors as they include the CSRD in the total set of information (that is, financial reports and other company disclosures) they use in assessing a firm's value (Power, 1991). CSRD provides additional information to investors; more than what is required to be disclosed in the annual report. This practice reduces information asymmetry as shareholders are now more aware of the firm's activities, with regard to its societal and environmental behaviour (Cormier & Magnan, 2007). Investors demand this information and consider it alongside financial information when valuing companies because it helps them to assess the future economic benefits of the company and the associated idiosyncratic risk better. This works to reduce the risk of adverse selection and enhances firm value as investors consider the new information and impound it into the valuation of the share price (Healy & Palepu, 2001).

2.3.3 Legitimacy, Signaling and Capital Need theories

Accounting scholars also make use of legitimacy theory widely as an explanatory theory to portray the motivations behind voluntary corporate social and environmental disclosures (Laan, 2009, Nik Ahmad & Sulaiman, 2004;

Watson, Shrives, & Marston, 2002). Indeed, Van der Laan, (2009) observed that in the early 1980s, the theory has been used by researchers seeking to explore social and environmental accounting practices. Signaling theory has been used to show the relationship between accounting disclosures by a firm and the market value of its equity. Signaling theory was originally developed and used to show information asymmetry in labour markets, it shows how this asymmetry information can be reduced by the participants with additional information signaling it to others. The theory provides a unique, practical, and empirically testable perspective on problems of social selection under conditions of imperfect information (Connelly, Certo, Ireland, & Reutzel, 2011). According to Alvarez, Sanchez, and Dominguez (2008), a signal can be a visible action or a structure used to indicate the sign of quality. Typically sending a signal is rooted on the basis that it should be positive to the signaler.

Capital Need theory according to Gray, Kouhy, and Lavers, (1995a), implied that managers have an incentive to disclose additional information that enables them to raise capital on the best available terms. Healy and Palepu (2001) noted that firms' managers who are intending to transact in capital market have motivations to disclose information voluntarily to decrease the information asymmetry problem and thus decrease the external financing cost. The capital need theory predicts that increased voluntary disclosure of information by the managers will lead to lower cost of capital through reducing investor uncertainty (Schuster & O'Connell, 2006). Consequently, more voluntary information disclosure is preferable to less, in order to decrease the uncertainty surrounding a company's future performance and to assist trading in shares (Hassan, Giorgioni, Romilly, & Power, 2011).

2.4 Empirical Review

Several studies have been carried out to establish the ability of accounting information to explain or capture information that affect the value of a firm. There seems to be a consensus from most of these studies that value relevant have meaningfully enhanced the corporate social responsibility disclosure in Nigeria in particular and most Economies in general. However, these were justified in different views as follows: Tahir et. al (2021) found that there exists plunged volatility in stock markets and crude oil. Herawaty (2018) analyzes environmental performance impact and company's accounting characteristics using listed manufacturing firms in Indonesia Stock Exchange in 2010-2014. The samples include 27 public manufacturing firms. The results showed that environmental performance and profitability have a positive relationship. Akinlo and Iredele (2014) established a significant positive relationship between corporate environmental disclosures and market value, measured by Tobins q ratio.

Appah (2011) analyzed data collected between 2005 and 2007 from annual reports of Nigerian listed companies and found support for the assertion that environmentally sensitive companies disclose more social and environmental information. Mohammed (2018) explored the nature of disclosure by listed Nigeria oil and gas companies six (6) years pre and six (6) years post. It tests corporate characteristics so as to determine how they affect the amount of disclosure. Annual reports and accounts of sample companies are content analyzed by modified word count which would determine volume of disclosure. The study employs panel regression analysis to determine corporate characteristics impact on environmental disclosure. The result shows that firm size has a positive and significant effect on environmental disclosure. Plumlee, Brown, Hayes and Marshall (2010) investigated the relationship between the quality of a firm's voluntary environmental disclosures and firm value by exploring the relationships between components of firm value and voluntary environmental disclosure quality. The study concludes that increased voluntary environmental disclosure quality is associated with firm value.

Septiani et. al. (2020) found that stock price positively affects DPR in Indonesian financial service companies. Barth, Beaver and Landsman (2001) stated that value relevance research examines the relationship between corporate disclosures and equity market values. This suggests testing whether disclosures explain cross-sectional variation in share prices. Barth et al. (2001) further note that the studies of value relevance have been performed with the aim of assessing the characteristics of disclosures, primarily, relevance and reliability, as reflected in their relationship with a firm's value. Nwaiwu and Oluka (2018) examined effect of profitability on environmental cost disclosure of oil and gas companies in Nigeria. Time series data were extracted from annual financial reporting and economic review of Central Bank of Nigeria; it employed the Pearson product moment coefficient of correlation and multi-linear regression analysis by the aid of SPSS version 22. The result from the study showed that firm profitability has impacts on disclosure on environmental cost. The study however was limited to only disclosure on cost and this appears to be hardly disclosed by firms.

Uwuigbe and Egbide (2012) conducted a study to investigate the link between firm's profitability and environmental disclosure level using firms in Nigeria. Annual reports for 2008 were the core data source for the sample of 41 listed firms, the regression analysis was employed as a technique for data analysis. Their investigation concluded that firm's profitability and the size of audit firm have positive relationship. Their findings also point out a significant negative relationship between firm's financial leverage and responsibility disclosure level and they recommended that government should instill policies that will build a good business environment for firms in the country. Zelalem (2020) revealed that debt ratio has a negative insignificant effect. Carnevale, Mazzuca and Venturini (2011) applied value-relevance analysis to a sample of one hundred and thirty (130) listed European banks, provided mixed result in the cross-country analysis; in some countries, social reports are value relevant while in others it negatively affects the stock price. In a peculiar study, Qiu, Shaukat and Tharyan (2016) examined the link between firm's social and environmental disclosures and its profitability and market value. The study did not find any relationship between environmental disclosure and profitability. Interestingly, firms that make higher social disclosures have higher values. Hence, the study suggests that it is the social disclosures that matter to the investors, not the environmental disclosures.

Egbunike and Tarilaye (2017) examined firm's specific attributes and how they impact on voluntary environmental disclosure using a sample of listed manufacturing companies in Nigeria. To achieve this, data of leverage, firm size, earnings and governance were gotten from the annual reports and accounts of some selected manufacturing companies during 2011-2015. Data were analyzed using descriptive and inferential statistics. First, it was revealed that some of the studied manufacturing companies have high leverage profile while some with low leverage profile. Adding that, some environmental items of companies were not disclosed in their annual reports and accounts while some were disclosed and expressed in monetary units. Second, the normality test for the residuals reveals the rejection of the hypothesis that the residuals are normally distributed. Third, the regression result confirms the entire hypothesis raised in the study in relation to the link between environmental disclosure, firm size, leverage, earnings per share and governance.

Abdullahi (2019) provides an evidence of a unidirectional causal relationship between the listed variables from exchange rate to tourism stock price. According to the world business council for sustainable development, [WBCSD] (2000) corporate social responsibility is the ethical behavior of a company towards society, management acting responsibly in its relationships with other stakeholders who have a legitimate interest in the business. In an examination of the economic performance of sustainability reporting companies versus non-reporting companies in South Africa Buys, Oberholzer and Andrikopoulos (2011) found that the economic performances of companies that voluntarily submit sustainability reports are better than those who do not support Global Reporting Initiatives (GRI) sustainability reporting guidelines. In another study of environmental responsibility and firm performance: evidence from Nigeria, Ngwakwe (2009) evaluated the relationship between expenditure on sustainability variables against Return on Total Assets (ROTA), environmental responsibility was determined using disclosure on environmental and social issues above 50%. Any disclosure less than 50% was assumed to be environmentally irresponsible. The study concluded that sustainable business practices influenced the financial performance of firms (as measured by ROTA).

On their part, Clarkson, Fang, and Richardson (2010) examined the impact of CSR disclosure on the cost of equity capital and firm's value, and on the public perception about a firm's environmental performance using actual toxic emissions data and firms' general disclosure propensity. The study concluded that CSR disclosures are incrementally informative for investors over current toxic emissions data in firm valuation analyses. It further observed that investors seem to use toxic emissions data to assess the firm risks and that CSR disclosure is positively associated with the Janis-Fadner coefficient, consistent with CSR disclosure enhancing non-investor stakeholder perception about firms' environmental performance. Basically the findings were interpreted to mean that investors look at the CSR report in making investment decisions, therefore inclusion of it in annual reports has an impact on the value relevance of the reports. Accordingly, Chengyong, Qian, Taco and Dirk (2018), hypothesized that the financial effect of corporate sustainability disclosure has an inverse relationship with country-level sustainability performance because stakeholders will take a firm's sustainability improvement for granted in countries with good social and environmental performance. The results agreed with the hypothesis and were interpreted to mean that sustainability management can be a means of a competitive advantage for firms based in emerging economies, where in general the level of sustainability performance is relatively low. Basically these findings imply that corporate social responsibility disclosure has a relationship with the market value of equity.

Some studies have also arrived at a different conclusion. Jones, Frost and Der Laan (2009) carried out an examination of the market returns and financial performance of entities engaged in sustainability reporting in Australia. The study observed a negative and weak association. In a study conducted by Moneva and Ortas (2008), are stock markets influenced by sustainability matter? Evidence from European Countries, found that there is no association between corporate social responsibility disclosure and share's returns. Murray, Sinclair, Power and Gray (2006) sought to establish if financial markets in the United Kingdom care about social and environmental disclosures. They found no relationship between social and environmental disclosures and financial market performance. From the above empirical literature, results and conclusions are mixed and inconclusive findings still exist with respect to the relationship between value relevance as measured by the market value of equity and the CSR disclosure of firms.

3.0 Methodology

This section deals with the research methodology employed by the researchers. The study used secondary data from Central Bank of Nigeria Statistical Bulletins and Nigeria Stock Exchange. The study analyzed result with dependent variables, Social Corporate Responsibility Disclosure (SCRD) proxied by Firm Size (FSZ), Earnings before Interest and Tax, Dividend Appropriation (EBITDA) and Board Size (BDS) while independent indicators proxies by Market Capitalization (MCZ), Return on Assets (ROA), Volatility of Cost Price (VCP) with following Control Variables Growth Rate (GRT), Cash Availability (CAT), Leverage (LEV). The study covered a period of 11 years annual reports from 2009 to 2019. The research design is ex post facto since the researcher is not in any obligation to neither vary nor alter the independent variables. The study is a longitudinal survey which covered a period of 10 years annual reports from 2009 to 2019.

The research design covers the population of the study, sample and sampling design. The descriptions of the procedure use in selecting the sample and for the purpose of this study were of two types. The analytical method employed by the study is a descriptive technique which suggests ratio based on the observations from the data collection and the statistical tools applied in analyzing the annual reports and financial statement in order to establish the association between the variables postulated in the hypothesis. Appropriate testing of the estimates of the regression results was carried out. The various statistical and econometric criteria for evaluating the parameter estimates of the regression models such as t-statistic, R2-Statistic, adjusted R2-statistic, F-statistic as well as Durbin-Watson test were analyzed. The research analysis was carried out using the EVIEWS 8 of the Econometric package. The test of the statistic for the studies t-test for difference of two means was carried out. The decision rule states that reject the null hypothesis if $p < 0.05$ or accept the null hypothesis if $/t/ > t\ 0.025,\ nt + n2\text{-}2$ using the table of critical values of the student t-distribution.

3.1 Justification of the Study or Model Justification

This study relies partly on the findings of Clarkson et al. (2008) and measures of value relevance to develop the model specification. As Clarkson et al. (2008) incorporate the most comprehensive selection of the independent variables (Cho, Freedman & Patten, 2012; Cho, Robert & Patten, 2010; De Villiers & Van Staden, 2011). The study adopted correlational research design and Pearson Product Correlation Coefficient (PPCC) to determine the extent of the relationship between the variables. Another study that justified our study is Khaleed (n.d) on value relevance of CSRD of Saudi companies uses Tobin's Q ratio, market capitalization (MC) and return on assets (ROA) as a measures for firm value and found that both CSR disclosure quantity and quality are significantly associated with the firm value measured by MC.

3.2 Model Specification

The model is modified along correlation and regression analysis. The Pearson Product Correlation Coefficient (PPCC) was used to determine the extent of the relationship between value relevance and corporate social responsibility disclosure. The PPCC was considered in the Mode1 FS study because the variables are continuous with an interval scale of measurement.

Model 1

$$FSZ = f(MCZ + ROA + VCP + GRT + CAT + LEV)$$

$$FSZ_{ij} = a_0 + a_{i1}MCZ_1 + a_{i2}ROA_2 + a_{i3}VCP_3 + a_{i4}GRT_4 + a_{i5}CAT_5 + a_{i6}LEV_6 + \mu_j$$

Model 2

$$EBITDA_{ij} = f(MCZ + ROA + VSP + GRT + CAT + LEV)$$

$$EBITDA_{ij} = \beta_0 + \beta_{i1}MCZ_1 + \beta_{i2}ROA_2 + \beta_{i3}VSP_3 + \beta_{i4}GRT_4 + \beta_{i5}CAT_5 + \beta_{i6}Lev_6 + ?_j$$

Model 3

$$BDS_{ij} = f(MCZ + ROA + VSP + GRT + CAT + LEV)$$

$$BDS_{ij} = \delta_0 + \delta_{i1}MCZ_1 + \delta_{i2}ROA_2 + \delta_{i3}VSP_3 + \delta_{i4}GRT_4 + \delta_{i5}CAT_5 + ?\,\delta_{i6}LEV_6 + s_j$$

$$CSRD_{ji} = f(FSZ_{ij} + EBITDa_i + BDS_{ij}) = VRZ_{ij} = a_0 + a_{i1}MCZ_1 + a_{i2}ROA_2 + a_{i3}VCP_3 + a_{i4}GRT_4 + a_{i5}CAT5 + a_{i6}LEV_6 + \mu_j + \beta_0 + \beta_{i1}MCZ1 + \beta_{i2}ROA2 + \beta_{i3}VSP_3 + \beta_{i4}GRT_4 + \beta_{i5}CAT_5 + \beta_{i6}Lev_6 + ?_j + \delta 0 + \delta^{i1}MCZ_1 + \delta_{i2}ROA_2 + \delta_{i3}VSP_3 + \delta_{i4}GRT_4 + \delta_{i5}CAT_5 + ?\,\delta_{i6}LEV_6 + s_j$$

Corporate Social Responsibility Disclosure (CSRD) proxied by Firm Size (FSZ), Earnings before Interest and Tax, Dividend Appropriation (EBITDA) and Board Size (BDS) while independent indicators proxied by Market Capitalization (MCZ), Return on Assets (ROA), Volatility of Stock Price (VSP) and three Control Variables were introduced into the model specification to ascertain their impact on the dependent variable and the control variables are Growth Rate (GRT), Cash Availability (CAT), and Leverage (Lev).

3.3 Research Hypotheses

The following null hypotheses were formulated as a support for testing the data collected for this study:

H_{01}: There is no significant influence of market capitalization on corporate social responsibility disclosure of selected firms in Nigeria.

H_{02}: Return on assets does not have any significant impact on corporate social responsibility disclosure of selected firms in Nigeria.

H_{03}: Volatility of stock price does not have any significant influence on corporate social responsibility disclosure of selected firms in Nigeria. The variables are measured as follows:

Firm size (FSZ) - This variable is the ratio of total asset to number of employees.

Earnings before Interest and Tax, Dividend Appropriation (EBITDA) - This is the profit before interest tax and dividend appropriation.

Board Size (BDS) - It is the total number of directors on the board.

Market Capitalization (MCZ) - This is the market value of common equity at the end of a company's year of operation.

Return on Assets (ROA) - This is the ratio of income before dividend appropriation to total asset.

Volatility of Stock Price (VSP) - This is amount and frequency of price changes. It is the statistical measure of a stocks or other assets deviation from a set benchmark. A range of price change security experience over a given period of time.

Growth Rate (GRT) - This variable is the annual growth rate of the firm's sales.

Cash Availability (CAT) - It is the cash available at the end of a company's year-end.

Leverage (LEV) - This is measured as the ratio of the total debt level of the firm to its net asset value.

ENDOGENEITY CONTROL: If present in data

In a statistical model, a parameter or variable is said to be endogenous when there is correlation between the parameter or variable and the error term. As a general rule, when a variable is endogenous, it will be correlated with the disturbance term, hence violating the GMassumptions and then making our OLS estimates biased. The endogeneity issue is traditionally associated with the value relevance - CSRD link.

4.0 Presentation of Results and Discussion

Table 4.1: Descriptive Statistics

	CSR	MCZ	ROA	VSP	GRW	CASH	LEV
Mean	6.315700	2285740.	0.277710	6.407500	0.277244	60995345	0.532200
Median	6.350000	844000.0	0.265750	3.570000	0.341073	26418750	0.510000
Maximum	15.14000	30000000	0.599000	42.50000	8.061108	6.28E+08	1.130000
Minimum	-2.680000	138000.0	0.081000	0.500000	-0.698970	0.000000	0.190000
Std. Dev.	2.435383	5398103.	0.101804	7.266131	0.205005	85346312	0.174127
Skewness	-0.828148	3.712460	0.645173	2.310989	-1.428446	3.503033	0.593568
Kurtosis	7.054314	15.96655	3.511094	9.746080	6.735860	21.34623	3.084184
Jarque-Bera	79.91991	930.2531	8.025871	278.6345	92.16034	1606.955	5.901577
Probability	0.000000	0.000000	0.018080	0.000000	0.000000	0.000000	0.052298
Observations	100	100	100	100	100	100	100

Source: Researchers' Computation (E-View 8) 2021

Descriptive statistics shows profile of variables examined. It is deduced that corporate social responsibility (CR) had a median value of 6.35; this indicates that on the average more than 6% of oil and gas firms is associated with corporate social responsibility disclosure in their annual report in Nigeria. The market capitalization (MCZ) as a measure of firm market value of common equity at the end of a company's year of operation was at maximum and minimum values of 300 and 138, with mean and standard deviation values of 228 and 2.43 respectively. It was also revealed that firm financial performance proxied by return on asset (ROA) had a median value of 0.26 while the mean was 0.27, this indicates that on the average the oil and gas firms have the tendencies to disclose corporate social responsibility information in their annual report in Nigeria. Volatility of stock price (VSP) of the oil and gas firms falls within maximum and minimum values of 42.50 and 0.50 with mean and high standard deviation values of 6.40 and 7.26 respectively.

Growth (GRW) had a median value of 0.27, this indicates that on the average over 27% companies experiencing good growth opportunities should be associated to a higher corporate social responsibility disclosure. The maximum (8) and minimum values (-0.6) of growth show that the lowest proportion of corporate social responsibility information disclosure in oil and gas annual report in Nigeria was -0.6%. Cash availability (CASH) had a median value of 2641 million and a mean value of 6099 million, indicating that on the average more than 5 million of the cash available is associated with corporate social responsibility disclosure. Leverage (LEV) had a median value of 0.53 (53%) and a mean value of 0.51 (51%), these indicate that on the average more than 5% of the leverage can increase the need for corporate social responsibility disclosure.

Table 4.2: Correlation

	CSR	MCZ	ROA	VSP	GRW	CASH	LEV
CSR	1.000000						
MCZ	-0.086151	1.000000					
ROA	0.058462	-0.131397	1.000000				
VSP	-0.111324	0.182968	0.390970	1.000000			
GRW	-0.013274	0.159619	-0.243690	0.015949	1.000000		
CASH	-0.123660	0.236020	-0.302801	-0.007140	0.267516	1.000000	
LEV	0.239576	-0.094163	0.013812	-0.197013	-0.212742	-0.114803	1.000000

Source: Researchers' Computation (E-View 8) 2021

Table 4.2 showed associations among variables and to check if there is presence of multicollinearity. Corporate social responsibility (CSR) as the dependent variable appeared to be negatively correlated with independent variables as market capitalization (MCZ, r=-0.0861), Volatility of stock price (VSP, r=-0.111), Growth (GRW, r=-0.013) and Cash availability (CASH, r=-0.123), but positively associated with Return on asset (ROA, r=0.058) and leverage (LEV, r=0.239). The associations are not significant, indicating that these variables may not be having great impact on corporate social responsibility (CSR) in annual reports in Nigeria. The results of Pearson correlations indicated absence of multicollinearity since none of the independent variables exceeded 0.90 (Pallant, 2007).

Table 4.3: Variance Inflation Factor (VIF)

Variable	Centered VIF
C	NA
MCZ	1.132970
ROA	1.406453
VSP	1.325853
GRW	1.167050
CASH	1.200427
LEV	1.095878

Source: Researchers' Computation (E-View 8) 2021

To further check for presence of multicollinearity problem among the variables, the study employed the variance inflation factor as indicated in Table 4.3. Hair et al. (2010) recommend that multicollinearity with a tolerance value within the threshold of .10, which equal to a VIF of 10, is acceptable. It is observed that the highest variance inflation factor among the models variables were market capitalization (MCZ=1.132); return on asset (ROA=1.406); volatility of stock price (VSP=1.325); growth (GRW=1.167); cash availability (CASH=1.20) and, leverage (ROE=1.09). The results of the variance inflation factor indicate absence of multicollinearity in the regression variables since none of the values exceeded 10 units.

Table 4.4: Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	0.788778	Prob. F(6,93)	0.5809
Obs*R-squared	4.842464	Prob. Chi-Square(6)	0.5642
Scaled explained SS	14.40891	Prob. Chi-Square(6)	0.0254

Source: Researchers' Computation (E-View 8) 2021

The test of heteroskedasticity was conducted using the Breusch-Pagan-Godfrey test. The test reported F-statistic of 0.5809 and a probability value of 0.5642. The result of the test could not reject the null hypothesis of homoskedastic residuals. Hence, this implies that there is no evidence for the presence of serial correlation. Hence we precede to analysis of the regression results.

Dependent Variable: CSR
Method: Panel Least Squares
Total panel (balanced) Observations: 100

Variable	Coefficient	t-Statistic	Prob.
C	4.207649	3.298028	0.0014
MCZ	-1.31E-08	-0.274078	0.7846
ROA	-6.47E-09	-2.124563	0.0363
VSP	-0.032214	-0.840038	0.4030
GRW	1.006346	0.789150	0.4320
CASH	-2.55E-09	-0.820626	0.4140
LEV	3.140376	2.158546	0.0335
R-squared	0.581749		
Adjusted R-squared	0.552508		
S.E. of regression	0.407820		
Sum squared resid	539.1766		
Log likelihood	-226.1375		
F-statistic	1.379925		
Prob(F-statistic)	0.230892	Durbin-Watson stat	1.580541

Source: Researchers' Computation (E-View 8) 2021

Table 4.5 Dependent variable; CSR above revealed the outcome of panel result using corporate social responsibility (CSR) as the dependent variable. The coefficient of determination R2 which stood at a value of 0.581 with corporate social responsibility proxied by CSR indicated that about 58% of the systematic variations in the dependent variable were accounted for by the independent variables while the remaining 42% were unaccounted for hence captured by the error term. Similarly, after adjusting the degree of freedom, adjusted coefficient of determination, (the adjusted R-square) stood at 0.552 with financial performance proxied by ROA, implying that over 55% of the changes in the dependent variable were explained while 45% of the variations were unexplained. The overall F-statistic otherwise known as goodness-of- fit measure stood at significant value of 1.3799, compared with the standard error of regression which stood at minimal value of 0.4078, suggesting that the results are capable for prediction. Furthermore, the Durbin Watson (DW) statistics also stood at impressive value of 1.58, indicating absence of autocorrelation in the results. Therefore, the entire results proved impressive for policy prediction.

Discussion of Findings

The findings of this study are discussed as follows.

First, it is observed that market capitalization is statistically insignificant indicating that market capitalization is a weak factor to corporate social responsibility (CSR). The negative coefficient value indicated that decrease in market capitalization leads to decrease in corporate social responsibility. The finding did not concur to extant studies of Akinlo and Iredele (2014) who establish a significant positive relationship between corporate environmental disclosures and market value measured by Tobins q ratio. Plumlee et. al. (2010) conclude that increased voluntary environmental disclosure quality associated with firm value.

Secondly, it was found that return on asset is statistically significant, indicating that it is a strong determinant to corporate social responsibility. This supported the view of Zelalem (2020) measured with equity ratio and interest coverage ratio which shows a significance positive effect. And negate Septiani et. al. (2020), their finding exhibited negative effects on both return and firm size in other clime.

Thirdly, volatility of stock price was found to be statistically insignificant, implying that it is a weak factor to CRS. The finding was against the view of Abdallahi (2019) which result of findings provides evidence of a unidirectional causal relationship between the tested variables from exchange rate to tourism stock price. In consonant with Tahir et. al. (2021), who found there was existence of plunged volatility in stock market and price of crude oil.

On the bases of control variables, it was found that growth (GRW) and cash availability (CASH) were also statistically insignificant. This suggested that growth (GRW) and cash availability (CASH) have insignificant effect on corporate social responsibility. The finding is consistent with Jones et. al. (2009), who observe a negative and weak association and noted that market returns and financial performance of entities engaged in sustainability reporting, while, leverage (LEV) was found to be statistically significant. This implied that leverage has significant effect on corporate social responsibility and this is not in alignment with Uwuigbe and Egbide (2012), whose finding found significant negative relationship between firm's financial leverage and responsibility disclosure. Zelalem (2020) when measured by return on assets and return on equity but when measured with equity ratio and interest coverage ratio has significant positive effect.

5.2 Conclusion and Recommendations

Information about CSR is an alternative and major concern for companies and other users of financial statements. Relevant information disclosure on CSR is obtained through company's annual reports which serve as an addition to accounting information to users. Although, lots more companies disclosed information on CSR but not as insightful as expected, and not all of its reports are in response to global reporting initiative index which is perceived as a gold standard for CRS disclosure. Value relevance gives evidence as to whether the accounting numbers relate to value in the predicted manner. It captures information reliability and later increases earning precision, greater value relevance reduces information risk. Therefore, in this study firm financial performance as proxed by return on asset admits that on the average oil and gas firms have the tendencies to disclose CSR information in their annual report. Thus, that about 6% of them associated with CSRD in their annual report in Nigeria, meaning that volatility of stock price of the oil and gas firm falls according to the findings. This is not insightful as growth rate, cash availability and others showed a lowest proportion of corporate social responsibility information disclosure in oil and gas annual report in Nigeria.

Generally, the overall effect has no significant impact on CSR in Nigeria due to the low association value and the two positive effects observed which has no direct derivative influence on the social artifacts of the societal people. Those two effects could only attribute to rising interests for organization growth sake and market attraction. A retrieval association may not have necessitated desire outcome on disclosure. However, from the associated variables, growth rate, cash availability has negative implication on CSR in Nigeria. This suggests that value relevance annual growth rate of the firms in terms of sales decreases due to relative shortcomings was noticed in information disclosure on environment accessibility and projections. This also showed that cash availability was limitedness as a result of trust and lack of dispensability of claims by these corporations. The positive signs indicated that the ratio of the total debt level of the firm to its assets has improved CSR. It means that asset valuation on leverage is tied to accelerate CSR which is to boost the confidence of the concern public as to seeing corporate firms as socially responsible whereas not. The subject therefore recommends from the responses of the findings that as:

1. Market capitalization has a negative influence on CSR in Nigeria. This insignificant negative coefficient value implied that a reduction in market capitalization has negative effect on CSR in Nigeria. Corporate bodies have to improve on their value relevance and information disclosure in order to enhance market value of their common equities and CSR.
2. Return on equity has a significant positive impact on CSR in Nigeria. The means that an increase in return on asset indicates strong determinant to CSR in Nigeria. Therefore, value relevance of corporate entity in regard to disclosure and return on asset has ability of enhancing CSR as well as improving corporate image in these categories of firms among global reporting initiative index. Hence, firms are admonished to enhance asset quality.
3. Volatility of stock price has insignificant effect on CRS in Nigeria. Showing that the market reportage exerts weakly navigation. Showing that the frequency of price changes as a measure of a stocks, other assets deviation from a set benchmark experience over a given period of time has poorly performed relative to expected value of association relevance against claim over CSR in Nigeria.

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Treasury Single Account in Nigeria: is Fraud in the Public Sector Curtailed?

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Abstract

The study is primarily aimed at determining whether the introduction of Treasury Single Account (TSA) minimizes fraud perpetration in Nigeria with particular reference to federal MDAs in Sokoto. To achieve this, questionnaires were administered to selected federal MDAs in Sokoto State. A sample of 252 staff was arrived at using Taro Yamane's (1973) sampling technique. Descriptive (Mean and Standard deviation) and Inferential (Correlation and Multiple Regression) were employed to analyze the data collected. The result from the analysis revealed that the introduction of TSA has contributed immensely in minimizing fraud perpetration, blocking revenue leakages, and has led to consolidation of government cash balances in the country. This was evident from the significant p-value of 0.032 and a positive coefficient of 0.129 in respect of fraud perpetration against the independent variable (TSA). Also revealed were that the control variables (blocking revenue leakage and cash consolidation) alongside the independent variable account for about 44.6% variation of the dependent variable. In view of the above, the study concluded that TSA undoubtedly mitigates the perpetration of fraudulent activities in the public sector by ensuring accountability and transparency in the management of public finances. Base on this it is recommended that, there is the need for massive enlightenment by regulatory bodies on the importance of implementing TSA by states and local government. Also, there is the need for appropriate statutory backing on the implementation of TSA to ensure its effectiveness.

Keywords: TSA, Fraud, financial leakages, accountability, and transparency

1.0 Introduction

Nigeria is faced with different financial irregularities in the management of her finances that range from corruption, fraud, misappropriation of the country's finances by key government officials, which was contributed to a large extent by the operation of fragmented system of banking in the country. These have significantly affected the implementation of laudable policies, programs, and services that are capable of stimulating economic progress. Previous government continued to operate multiple Bank accounts for the collection and spending of government revenue which contradicts the provision of the country's constitution which stipulates that all government revenues collected be remitted into a single account called Consolidated Revenue Fund (CRF). This practice paves the way for the perpetration of fraudulent activities like corruption, mismanagement of public funds, among others. The fraud being one of the major problems facing Nigeria's public financial system has affected virtually all sectors of the economy and has attributed significantly to the present deteriorating situation the country is facing despite the country's abundant human and natural resources. This situation requires maximum attention to ensure efficient and effective utilization of public funds thereby meeting its socioeconomic ambition. Despite tremendous efforts embarked upon by both previous and present governments to eliminate the act of fraud in the public financial management system, it is indeed discovered that fraud in its countless natures remained undetected and continues to grow in frequency and severity (Wolfe & Hermanson, 2004). It is a phenomenon that impacts negatively on both the private and public sectors and has penetrated both developing and developed economies. Currently, perpetration of fraud and other fraudulent activities have become a customary act by Ministries, Departments, and Agencies (MDAs) of the country thereby affecting the entirety of the country's economic system, (Okoye & Akamobi, 2009; Gbegi & Adebisi, 2014).

To ensure efficient and effective utilization of public resources, curtail to some extent the level of corruption perpetrated by public officers, minimise fraudulent acts and misappropriation of its resources which will in turn, ameliorate the deteriorating condition of the country's PFM and increase its economic sophistication, Nigeria

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introduced and initiated a sequence of monetary and non-monetary policies capable of assisting in the effective and efficient utilization of its resources. One of these reforms is the introduction of a policy designed to improve the quality of the country's public financial management (PFM) systems referred to as Treasury Single Account (TSA). TSA is designed primarily to enable consolidation of public funds most efficiently and effectively thereby availing the government with its cash balances in real-time. Before the introduction of TSA, government MDAs maintained a fragmented system of handling government finances which lead to cash lying down idle in commercial banks for extended periods while the government scout for the fund to execute its budget and meet its financial obligations, (Akpansung & Gidigbi, 2014; Chukwu, 2015). It is in view of the foregoing, that the country deemed it necessary to introduce a unified banking system to be an important factor capable of ensuring efficiency in the management of public resources. If implemented, the program is aimed at minimizing the cost of government borrowing, maximize the opportunity cost of cash resources, plug financial loopholes, promote transparency, accountability and prevent fraudulent activities in the public financial system (Bashir, 2016).

Notwithstanding the importance attributed to the introduction of TSA, it is currently facing a lot of criticism in the country. Some of the criticisms raised were that TSA's effectiveness in tackling corruption, prevention of fraud, level of implementation, and area of coverage lacks legislative commitment, (Ilori et al., 2019). Similarly, Clementina, (2016) highlighted that if fully implemented, TSA will undoubtedly affect Banks' liquidity and profitability which will invariably affect the interest rate and increase the country's rate of unemployment in the Banking sector. Awusa and Ahmad (2015) attributed that the stakeholders involved lack training and that TSA implementation requires modus operandi, it is in view of the foregoing criticisms that this study is undertaken primarily to ascertain whether the policy aid in the elimination of fraud perpetration in the public sector accounting system in Nigeria with particular reference to federal MDAs in Sokoto State.

2.0 Literature Review

TSA is defined as a consolidated account controlled and maintained by the country's apex bank or a virtual account comprising of sub-accounts meant for the government managed and controlled by the treasury which enables the consolidation of cash position at the end of each day (Fainboim & Pattanayak, 2011). Kifasi (2015) defined TSA to be an assembly of systems and procedures applied to a country's treasury to consolidate cash balances. He added that TSA is beyond just assembling systems and procedures but unifying all country’s Bank account operated with the commercial banks such that consolidation can be achieved as at when needed to ensure efficient utilization of these resources. Onyekpere (2015) opined that TSA is a system designed to effectively manage the government’s finances, bank accounts, and other cash resources thereby pooling all government resources through the main account. Chukwu (2015) viewed TSA to be a grid of sub-accounts all linked to a single account such that, transactions are effected in the subsidiary accounts but closing balances on these sub-accounts transferred to the main account at the end of each business day. The TSA is primarily introduced to bring about transparency and accountability in the management of public resources. This is because MDAs have been depriving the country of due revenue through unnecessary bank accounts under their purview and which is not known by the government. Therefore, with the introduction of TSA, Banks will no longer be able to defraud the revenue since all funds will be swept into the TSA. Hence, when fully adopted, TSA is believed to ease maintenance of MDA's account with commercial banks whereby funding and disbursements are made by the main account maintained at the central bank, their daily balances swift to the main account virtually (Onyekpere, 2015). An efficient and effective TSA is characterized by, location, coverage, concentration, fungibility, timely revenue and payment of a transaction, and lastly, timely information. The location implies the need for centralizing TSA at the apex Bank due to its insusceptibility to counterparty risk as compared to money deposit banks and, therefore, will not face the risk of moral menace. All cash resources belonging to the treasury should be consolidated into the main account maintained at Apex Bank. Concentration reiterates the need for MDAs to seek approval in case there is the need for account opening with any bank and this shouldn’t be beyond the oversight of the treasury. Fungibility simply means that the treasury should ensure that, the consolidated cash balance is managed in line with international best practices and utilize optimally. The best practice is to hold a book of entries in a government Integrated Financial Management Information System.

Various definitions of fraud emanated from researchers in the likes of Ernst and Young (2005) who defined fraud to mean any deliberate act of using fake, deceit, or any false action to deny someone his legal right, money, or property. However, in the wordings of Albrecht (2005); Hopwood (2008); Rezaee (2010); Kranacha (2011); KPMG (2011) fraud involves the use of purposeful deception and other logical actions to obtain an illegal advantage over an entity despite the harm it may cause. Albrecht (2005) maintained that fraud can hardly be seen openly, its existence is determined through observation. It is pertinent to note that, perceiving the existence of fraud doesn't guarantee its occurrence. Several reasons were believed to be the cause of perpetration of fraudulent activities in an organization, Ramaswamy (2005) believed poor corporate governance and an effective internal control system to be the major cause of fraud. These factors give individuals the opportunity to perpetrate fraudulent acts in an organization. Moukoro et, al. (2011) stated that fraud occurs when individuals undertake any act believed to be deceitful knowingly in an organization purposely to deprive others of their rights. There are three types of fraud namely, misappropriation of assets, corruption, and fraud in the financial statement. Fraud can be perpetrated in various forms; it can be simple or sophisticated via the use of a computer system. Fraud triangle theory stated that fraud is encouraged by financial pressure (debt, luxurious lifestyle, etc), rationalization and opportunity. In a theory developed by Albrecht et al. in 1984, the theory highlighted three factors to be responsible for fraud perpetration. These factors are situational pressures, the opportunity to commit fraud, and personal integrity. While in a related theory developed by Ramamoorti in 2008 who stated that the motive for fraud is behavior. In 2019, Ramamoorti introduces a theory called the ABC model aimed at categorizing fraud. He categorized fraud in three forms as bad Apple, a bad Bushel, a bad crop. Bad apple refers to individual fraud, bad bushel refers to collusive fraud, and lastly, bad crop refers to a cultural and social mechanism that affects the occurrence of fraud and is regarded as the most dangerous fraud.

This study is underpinned by the Institutional-centric theory of finances and resources-based theories. As proposed by Stein and Rosefieldein (2005) institutional centric theory is designed to replace the financial liberalization theory due to its defect employed during the 90s. The theory acknowledged that there exist formal institutions, informal institutions, and imperfect markets that believed in the efficient utilization of resources to achieve development (Stein & Rosefielde, 2005). This, therefore, highlighted the need to have an integrated system that supports real-time financial information access. Integration of financial functions was proposed by Demaestri and Guerrero (2003) and theoretically suggests that effectiveness and efficacy are achieved when financial information is integrated. In support of this study, the adoption of TSA in the public sector is aimed at integrating the various/fragmented Bank accounts maintained by the government. This as suggested by Demaestri and Guerrero (2003) will enhance the effectiveness and efficacy of the National Treasury and therefore ensure consolidation of government cash balances, block revenue leakages, increase generated revenue and reduce debt servicing cost. Resource course theory stressed the need for financial management reforms.

Yusuf (2016) investigated the effects of Treasury Single Account on Public Finance Management in Nigeria and found out that, TSA is positively correlated with PFM and concluded that TSA if fully implemented has the capacity of blocking the financial loopholes and reduce debt servicing cost, this is in line with the findings of Wahid et al (2015) that affirmed that TSA block revenue leakages, ensure that public financial resources are harnessed efficiently and effectively to enable government addresses its developmental challenges to meet the need and aspiration of the citizenry. Similarly, Ahmed (2016) in his study review posited that TSA arrangement is meant to optimize government cash management, avoids borrowing, and paying additional interest charges to finance the expenditures of some agencies while other agencies keep idle balances in their bank accounts. To minimize borrowing costs and maximize interest-bearing deposits, a centralized cash balance through a treasury single account is recommended (Campo & Tommasi, 1999). According to Tanberg (2005), this approach has major benefits, particularly in terms of financial control and promoting efficiency and cost-effectiveness. Ensuring effective and efficient management of treasury balances, sound TSA has to be implemented which will aid in reducing idle money and managing cash-mismatch, this will ensure daily sweeping out of the treasury payment accounts and the treasury receipts accounts across the country, (Adebisi & Matthew, 2016). Chukwu (2015) highlighted that, before the implementation of the TSA, the government was incurring finance costs on debit balances in some MDA's accounts while it was earning close to nothing on the credit balances of other MDAs. He reiterated that TSA will ensure efficient management of the Government's cash position, avoid incurring interest costs when it has a positive net position. It will also allow the government to see at a glance the daily revenues being generated by the Revenue Generation Agencies as well as identify negative variances. Lastly, it will eliminate the possibilities of diversion of government revenue reaffirming Chukwu (2015), Vahyala, et al. Pwafeyeno, and Minnessi (2016) opined that the implementation of this policy is a critical step towards boosting the economy, plugging of leakages, and curbing corruption in public sector finance. They also affirmed that TSA will help block most if not all the leakages that have been stumbling to the growth of the economy.

To mitigate the liquidity effect of TSA on financial institutions, there is the need for a systematic migration of all cash balances with the commercial banks by introducing effective monetary policy measure coupled with the review and amendment of legal framework where necessary to ensure efficient implementation of the TSA (Yusuf, 2015). Eme and Chukwurah (2015) conducted research where they explore the various extent of TSA and concluded by positing that, TSA ensures effective management of government revenue, if implemented, the system will provide an avenue for timely payment and capturing of all revenues belonging to the government treasury. Besides, the system will likely reduce the mismanagement of public funds by revenue-generating agencies, help check excess liquidity, inflation, high-interest rates, round-tripping of government deposits, and the sliding value of the naira. In the work of Pattanayak, and Fainboim (2010), fragmented government banking arrangements hinder effective cash management and TSA was primarily introduced to ensure effective and aggregate control over government cash balances. Ekubiat, and Ime (2016) in their study on benefits, challenges, and prospects of TSA adoption by the State Government in Nigeria, it was established that TSA adoption will be of great benefits though there will be challenges in the short-run while the benefits, in the long run, will out-weight the challenges. Therefore, recommended the adoption and full implementation of the policy. TSA implementation will affect the operation, profitability, and liquidity of most Banks (Clementina, 2016).

After a critical review of this literature, we established the need to study the impact of TSA on the prevention and elimination of fraud in Nigeria, particularly in northern Nigeria. It is against this backdrop that this study is undertaken.

3.0 Methodology

The population of the study comprised all federal MDAs in Sokoto State totaling 38 with a staff strength of 4393, (Federal Character Commission, 2020). Basing on the population of the study as 4393 Staff, the sample size of 367 was determined through the use of Yamane, T.'s (1973) sampling technique (n = N/1+ (e)2) with a 95% confidence level. Pretested questionnaires were used to collect data from the respondent. The qualitative responses were quantified using the Likert scale rating (Strongly Agree = 5, Agree =4, Undecided =3, Disagree = 2, and Strongly Disagree = 1). The questionnaire contains two sections. Distribution of respondents by general characteristics in section A, while Section B is further subdivided into four sub-sections; responses on the implementation of TSA, whether implementation of TSA prevents fraud, whether implementation of TSA consolidates government cash balances, and lastly whether implementation of TSA block revenue leakages in Nigeria. 367 questionnaires were administered out of which 252 were retrieved from the field survey. Descriptive and empirical analyses were employed. The descriptive analysis uses mean and standard deviation while in describing the data in the questionnaire while empirical analysis employs the use of multiple regression using Statistical Package for Social Sciences (SPSS) v20 to meet the objective of the study.

Model Specification

Regression analysis will be used to test the objective of the study using the regression model employed by Adebisi and Mathew (2016). The general form of the regression model can be specified more compactly as:

$$Yi = \beta 0 + \beta 1\ Xi1 + \beta 2\ Xi2 + \ldots + \beta\ pXip + \varepsilon \qquad (i)$$

The model was modified to suit our objective of determining the effect of our independent variable (TSA) on the dependent variable (FP). Two control variables Cash consolidation (CC) and Revenue leakages (RL) as control variables.

$$FPi = \beta_0 + \beta_1 TSA_i + \beta_2 CC_i + \beta_3 RL_i + \varepsilon \qquad (ii)$$

Where:
FP = Fraud prevention
TSA = Treasury single Account
CC = Cash control
RL = Revenue leakages

4.0 Data Presentation and Analysis

This section presents the analysis of data collected through the use of pretested questionnaires administered to the 252 staff of federal MDAs in Sokoto.

4.1 Descriptive Analysis

This subsection presents the number of questionnaires administered and retrieved, demographic characteristics of the respondents, and lastly the mean and standard deviation of the responses to the questionnaires.

4.1.1 Questionnaires administered and retrieved

Table 1 presents an analysis of questionnaires administered and retrieved from various MDAs with their corresponding percentages.

Table 1: Questionnaires Administered and Retrieved

Respondents	Questionnaires administered	Percentage administered	Questionnaires retrieved and used	Percentage of retrieved and used
Ministries	167	46	103	41
Departments	100	27	87	35
Agencies	100	27	62	24
Total	**367**	100	**252**	100

Source: *Source: Field Survey 2021*

Table 1 above revealed that 252 questionnaires were retrieved representing 68.7% of the total questionnaires administered.

4.1.2 Demographic characteristics of respondents

Table 2 is a demographic characteristic of respondents comprising of Age, Educational qualification, and working experience.

Table 2: Demographic characteristics

S/N	Items	Options	No. Of Response	% of Response
1	Age	18 - 30 years	71	28
		31 – 40 years	123	49
		41 years and above	58	23
		Total	**252**	**100**
2	Educational Qualification	O'Level	0	0
		OND/ND	94	37
		HND/B.Sc.	129	51
		PGD	17	7
		M.Sc/MBA/PhD	12	5
		Total	**252**	**100**
3	Working Experience	0 – 10 years	98	39
		11 – 30 years	136	54
		31 years and above	18	7
		Total	**252**	**100**

Source: *Source: Field Survey 2021*

Table 2 above indicates that 28% of the respondents fall under 30 years, while 49 respondents representing 49% of the total respondents and lastly 58 representing 23% are 41 and above years. The table equally revealed that the majority of the respondents hold HND/B.Sc. certificate with the least being the O'Level holders. Also revealed by the table is that about 54% (136 respondents) of the respondents have 11 – 30 years of working experience with their MDAs.

4.1.3 Responses on implementation of Treasury Single Account (TSA)

Responses on the implementation of TSA by federal MDAs in Sokoto State as stated in Table 3 below.

Table 3: Mean value of responses on the implementation of TSA by federal MDAs

S/N	Measures	Mean	SD
1	Your MDA does not mai ntain a fragmented Banking system with the Commercial Banks	4.67	0.68
2	Your MDA does not maintain a personal Bank Account	4.69	0.62
3	Your MDA's Account is linked to the TSA maintained by the Central Bank of Nigeria	4.72	0.54
4	Your MDA access its ac count balance in real-time	4.61	0.76
5	Your MDA consolidate its Cash Balance as at when due	4.87	0.35

Source: *Source: Field Survey 2021*

Table 3 showed that the mean ratings of the responses on all determinants of operationalizing TSA by the MDAs are within the real limit of 4.87 – 4.61 on a 5-point rating scale. This revealed that the respondents believe that TSA is being operationalized by their MDAs as the mean value of all the determinants is above 4.

4.1.4 Responses on whether implementation of TSA prevents fraud

Table 4: Mean value of responses on whether implementation of TSA prevents fraud in federal MDAs

SN	Measures	Mean	SD
1	The introduction of TSA ensures an effective Internal Control system in your MDA.	4.84	0.559
2	Introduction of TSA aid in the effective monitoring and evaluation of financial activities in your MDA.	4.88	0.415
3	TSA prevents unlawful use of public funds for private advances	4.81	0.586
4	introduction of the TSA prevents over-and under-invoicing	4.66	0.742
5	1mplementation of the TSA deter the payment of ghost workers and pensioners	4.95	0.239
6	Introduction of the TSA avert payment for goods or services not provided or rendered in federal MDAs	4.82	0.604
7	Introduction of the TSA avert inflation of prices of goods and services	4.86	0.467
8	Implementation of the TSA prevents MDAs secrecy around the management of public finances	4.80	0.599
9	TSA is an avenue upon which transparency in public expenditure is achieved	4.70	0.695
10	TSA served as a tool for fraud risk assessment in MDAs	4.89	0.323

Source: *Source: Field Survey 2021*

The outcome from Table 4 above revealed that the mean ratings of the responses on all the measures employed go beyond 4 and near 5 (4.81 – 4.95). Meaning that the respondents strongly believed that TSA implementation aid in the mitigation of fraud perpetration in the federal MDAs.

4.1.5 Responses on whether implementation of TSA aid in consolidating government cash balances

Table 5: Mean value of responses on whether implementation of TSA Consolidates Cash Balances

On whether the implementation of TSA will aid the consolidation of government cash balances, table 5 revealed that the measure with the highest mean (Implementation of TSA reduce the country's debt burden) of 4.95 revealed that TSA reduces the country's debt burden and the lowest mean of 4.37 a measure (Implementation of the TSA control the delay in the remittance of government revenues) revealed that the respondents strongly believed in the effectiveness of TSA in controlling delay in remitting government revenue. Equally revealed by Table 5 is that the mean of all the measures employed is between 4.95 and 4.37 which is very close to 5 (strongly agreed).

SN	Measures	Mean (x)	SD
1	Implementation of the TSA by federal MDAs avail their cash balances in real-time	4.77	.608
2	Implementation of the TSA in Nigeria reduce debt servicing costs	4.83	.414
3	TSA cover both budgetary and extra-budgetary balances in Nigeria	4.92	.452
4	Implementation of the TSA control the delay in the remittance of government revenues	4.37	.907
5	Implementation of the TSA ensure rapid payment of government expenses	4.90	.305
6	Implementation of the TSA ensure prompt remittance of all revenues due to government	4.94	.253
7	Implementation of the TSA aid MDAs to execute a more viable project	4.92	.329
8	TSA implementation ensure timely rendition of MDAs' financial transactions (Transcript of accounts)	4.87	.409
9	Implementation of TSA save MDAs the problem of a warrant being issued without cash backing	4.84	.462
10	Implementation of TSA reduce the country's debt burden	4.95	.270

Source: *Source: Field Survey 2021*

4.1.6 Responses on whether implementation of TSA help in blocking revenue leakages

Table 6: Mean value of responses on whether implementation of TSA block revenue leakages

SN	Measures	Mean (x)	SD
1	Does the implementation of TSA in Nigeria significantly increased revenue generation?	4.90	0.463
2	Does the introduction of TSA serve as a yardstick of public expenditure management in Nigeria?	5.00	0.063
3	Does the implementation of TSA significantly reduce the rate of bribery and corruption in Nigeria?	4.96	0.206
4	Does the implementation of TSA bring about transparency and accountability in public finance management?	4.81	0.575
5	Does the introduction of TSA reduce the rate of revenue diversion in the public sector?	4.99	0.089
6	Does the implementation of TSA ensure that public financial resources are harnessed efficiently and effectively?	4.99	0.109
7	Does TSA implementation aid effective implementation of government projects?	5.00	0.063
8	Does the implementation of TSA bring about fiscal discipline in MDAs?	4.99	0.109
9	Does TSA implementation increase the volume of the country's revenue?	4.98	0.125
10	Does implementation of TSA brought about transparency in public spending?	4.98	0.125

Source: *Source: Field Survey 2021*

Table 6 presented a mean value of responses on the effect TSA implementation has in blocking leakages in the public sector. The mean between 5 – 4.81 revealed that the respondents believed all the 10 measures stated in the questionnaires to determine the effectiveness of TSA on blocking leakages and that they strongly agreed that implementation of TSA has aided in blocking revenue leakages.

4.2 Inferential Analysis

4.2.1 Correlation

This section analyses data to determine the relationship between TSA and Fraud prevention in federal MDAs as presented in Table 7.

Table 7: Correlation matrix result

Variables		TSA	FP	CC	BL
TSA	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	252			
FP	Pearson Correlation	.141*	1		
	Sig. (2-tailed)	.025			
	N	252	252		
CC	Pearson Correlation	.034	.271**	1	
	Sig. (2-tailed)	.591	.000		
	N	252	252	252	
BL	Pearson Correlation	.034	.241**	.413**	1
	Sig. (2-tailed)	.590	.000	.000	
	N	252	252	252	252

*. Correlation is significant at the 0.05 level (2-tailed).

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

Source: SPSS v20 soft output, 2021.

The result from the analysis in Table 7 shows a strong, positive, and statistically significant ($r = 0.025$; $p < 0.05$) relationship between TSA and FP at a 5% level of significance. This implies that the more effective TSA is the higher chances of fraud perpetration in the public sector. Equally revealed from the result is a positive and significant relationship between FP and CC with a p-value of $0.000 < 0.01$. This implies that the relationship is significant at a 1% level of significance. Also revealed from the analysis is a significant relationship at a 1% level of significance between FP and BL.

4.2.2 ANOVA result

Another important result from the regression result is Analysis of Variance (ANOVA) which tests for acceptability of models from the statistical point of view presented in Table 8.

Table 8: ANOVA result

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	0.636	3	0.212	10.254	0.000b
	Residual	5.124	248	0.021		
	Total	5.760	251			
a. Dependent Variable: FP						
b. Predictors: (Constant), BL, TSA, CC						

Source: SPSS v20 soft output, 2021.

From the result in Table 8, it can be seen that the significance value of f-statistics is small (0.000) which is less than 1% which indicated that TSA explained the variation in FP as stated by Gujarati and Porter (2009).

4.2.3 Regression results

Table 9 is a regression result of the dependent variable (FP) regress against the independent (TSA) and control variables (CC and BL) introduced.

Table 9: Regression results on the effect of TSA on Fraud prevention

Table 9: Regression results on the effect of TSA on Fraud prevention

Dependent variable	Fraud prevention (FP)		
Predictor variables	**Coefficient**	**Std. Error**	**P-Value**
(Constant)	1.089	0.789	0.169
TSA	0.103	0.048	.032**
CC	0.279	0.090	.002*
BL	0.388	0.167	.021**
R =	0.664		
R^2 =	0.420		
Adj. R^2 =	0.400		

*Significant at 1%; **Significant at 5%

Source: SPSS v20 soft output, 2021.

The result from the analysis in Table 9 confirms that TSA alongside control variables introduced are positively related to FP in Nigeria. TSA has a positive relationship with FP evident from a positive coefficient of 0.103 and a p-value less than 0.05 (0.032). This is an indication that TSA significantly affects fraud perpetration in Nigeria. All the control variables introduced are positively significant with a p-value of 0.002 and 0.021 against CC and BL respectively. Also revealed from the analysis in Table 7 is that the independent variables (TSA) alongside the control variables (CC and BL) account for about 42% variation in the dependent variable (FP) and the remaining 58% is accounted for by other factors outside the variables introduced.

5.0 Conclusion And Recommendations

In view of the foregoing findings from the analysis, the study concluded that the introduction of TSA will aid in the efficient and effective utilization of public finances by preventing the perpetration of fraudulent acts bedeviling public financial management which has been affecting accountability and transparency in the public sector. This is because the policy ensures prompt consolidation of government cash balances into a single account maintained by the country's apex bank. The policy is believed is an avenue for timely collection of revenue and payment of expenditures without the intervention of banks. In view of the above, the study, therefore, concluded that the implementation of TSA has aided to a large extent in the elimination of fraud and other irregularities in the public sectors.

Based on the findings and conclusion reached, the study recommended the need for information campaigns to enlighten the public on the need for the implementation of the policy, there should also be a framework for the operation of the TSA. The government should also overhaul the capacity of the Federal Ministry of Finance and the CBN to cope with challenges associated with the enforcement of the provisions of the TSA. The government should secure as soon as possible the appropriate legislative support to facilitate the relevant regulatory environment which will drive the effective implementation of the treasury single account by all MDAs and lastly, there is a need for more legislation to cover the states and local government levels since the policy in question only covered the federal level.

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Financial Intermediation and Manufacturing Sector Output in Nigeria

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Abstract:
The study focused on the effect of financial intermediation on the manufacturing sector output in Nigeria using time series data from 1985 to 2019. Relevant conceptual, theoretical and empirical literatures were reviewed. Supply leading theory was adopted as the theoretical framework. Ex post facto research design was employed and the data used in the study were sourced from the Central Bank of Nigeria Statistical Bulletin 2019. Manufacturing sector output was employed as the dependent variable while credit to Private Sector, money supply (M2), credit to manufacturing sector and interest rate were employed as the independent variable . Descriptive statistics, Augmented Dickey-Fuller (ADF) test, Johansen cointegration test and error correction model was employed in analyzing the data. The result of the descriptive statistics indicated that the variables were normally distributed. Augmented Dickey-Fuller (ADF) test showed that all the variables used were stationary at first difference. The result of Johansen cointegration test indicates that there is a long run relationship between dependent and the independent variables. The ECM result showed that money supply and credit to manufacturing sector had significant positive effect on manufacturing sector output in Nigeria. Also, credit to private sector and interest rate were found to have insignificant effect on Nigerian manufacturing sector output. Based on the significant f-statistics value, the study concludes that financial intermediation has significant positive effect on manufacturing sector output in Nigeria. The study recommends that there should be collaboration between the central bank and the key players in the financial intermediation process to ensure that loan and advances are given to the real sector of the economy particularly the manufacturing sector.

Key Words: Financial Intermediation, Manufacturing Sector

Introduction

The financial sector of any nation plays a critical role in the growth and development of the economy. The development of this sector determines how it will be able to efficiently and effectively render its intermediation role (mobilizing fund from the surplus sector to the deficit sector of the economy) (Adekunle, Salami &Adedipe 2013). Financial intermediation is the procedure whereby providers of financial services such as banks pull funds from the general public in form of deposits and transform them into loanable funds (Agbada & Osuji, 2013). This implies that through intermediation, financial institutions turns deposit liabilities from surplus unit of the economy to bank's major interest earner, loans and advances to the deficit units of the economy. Nwaeze, Onydikachi and Nwabekee (2014) posit that financial intermediaries emerges to lower the costs of researching potential investments, exerting corporation, controls, mobilizing savings, managing risks and carrying out exchanges. Financial intermediaries by providing these services to the economy, influence savings and allocation decisions in ways that may affect long-run growth rates. Banks play valuable roles in the economic growth and development of the nation. This role they perform mobilizing idle savings from the surplus unit for onward lending to the deficit units of the economy thereby enhancing capital formation in the economy (Ujah&Amaechi, 2005).

Deposit money banks constitute the most essential intermediaries in the financial system based on their control of the large portion of financial system's assets and their leading position short-term funds intermediation. Other forms of depository institutions whose liabilities possess reasonably low level of moneyness also play the financial intermediation in the banking sector. In the non-monetary financial sector, the financial intermediaries include saving and loan associations, lending companies, finance institutions, venture capital companies, pension and provident funds, insurance companies and discount houses. While helping the banking institutions in financial intermediation roles, their activities are targeted at bridging the gap in term of credit structure by providing long-term funds in the economy (Ogiriki&Andabai, 2014).Financial intermediation enhances the growth and development of the economy by influencing the level of savings availability and its allocation for investment purposes in order to bring in the highest return. The

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importance of financial intermediation stems from its peculiar role of making contractual provisions for successful linkage between lenders and borrowers. Therefore, it is indispensable to the economy since it promotes investment especially in the manufacturing sector.

The manufacturing sector is perceived as a significant sector in terms of its contribution to overall employment and output of the economy. Growth in this sector according to Anigbogu, Edoko and Okoli (2014) has long been considered fundamental for sustainable growth and development of the economy. The sector is believed to be a latent engine of innovation and transformation, a generator of positive spill-over effects and a creator of skilled jobs. The advancement in manufacturing output has been considered as a key ingredient for purposeful and successful transformation of the economy particularly the developed and emerging economies (Tybout, 2000). In any advanced economy and emerging economies, the manufacturing sector is a leading sector in many respects particularly in increasing productivity of the economy, generating employment, enhancing per capita income and enhancing foreign exchange earning capacity (Loto, 2012). Furthermore, it creates investment capital at a faster rate than any other sector while providing wider and more efficient connections among different sectors (Ogwuma 1995).Danladi, Akomolafe, Babalola and Oladipupo (2015) noted that the progress in manufacturing sector has been acclaimed as an avenue of enhancing the standard of living and growth of the economy.

But a closer look at the Nigerian manufacturing sector shows that the sector output is abysmally low when compared to that of its counterpart world over. It is quite regrettable that the sector has been performing below expectation, leading to decline in the overall productivity of the economy (Udoh & Ogbuagu, 2012). The poor performance of the sector in Nigeria has affected output growth and as a result increased the unemployment rate. Mesagan, Olunkwa and Yusuf (2018) noted that the pitiable performance of the sector in Nigeria stems from the inability of the financial sector to sufficiently support the sector through the provision of funds for investment purposes (Hassan et al, 2011). Furthermore, the government monetary and fiscal policies have not been favorable to the manufacturing sector. Justifiably, the financial sector is supposed to be a major driving force propelling output as well as engineering the growth of the sector through its intermediation roles. This can be achieved by making loanable funds available to manufacturers at an affordable interest rate in order to operating their cost and boost their overall productivity. However, Nigeria has not been able to achieve this and the manufacturing sector remains almost moribund as it contributes very little in terms of overall output and employment in the economy (Shahbaz, 2009). Hence, this study is hypothesized to investigate empirically the effect of financial intermediation on manufacturing output in Nigeria. Specifically, the study investigated the effect of credit to private sector, money supply (M2), credit to manufacturing sector and interest rate on manufacturing output in Nigeria.

Literature Review

Financial Intermediation

Financial intermediation is the art of channeling funds from savers to investors by mobilizing funds and ensuring efficient transformation of funds into productive capital formation. It involves the transformation of mobilized deposits liabilities by financial intermediaries such as banks into bank assets or credits such as loan and overdraft. It is simply the process whereby financial intermediaries take in money from depositors and lend same out to borrowers for investment and other economic development purposes (Andrew &Osuji, 2013).Onwe and Adeleye (2018) see it as a process whereby a financial intermediary such as bank mobilizes bank deposits and transforms deposit money into bank credits, usually loans and overdraft. It is simply the process of taking in money from depositors and then lending same out to borrowers for investment and other economic development purposes. The process allows financial institutions acting as intermediaries' channel funds from surplus economic units (individuals and firms having surplus savings) to deficit economic units (firms and businesses in need of funds to carry out desired business activities). Relatively, it involves the conversion of bank largest liabilities (deposit liabilities) to bank largest interest earning assets (bank credits which include majorly loans and overdrafts). Thus, the efficiency of the financial system of every nation could be said to hinge largely on financial intermediation process because it plays very vital and proactive roles in ensuring capital accumulation necessary for productive investments and development. As a matter of fact, the global financial system and the business of banking in particular flourishes on financial intermediaries' abilities to receive deposit at low interest rate and lend them at a pretty higher rate of interest to businesses (Ekong&Okon, 2016).

Financial intermediaries can be classified into institutional investors, pure intermediaries like investment banks and deposit money banks. Among all the financial intermediaries, banks are the major financial intermediaries that accept deposits and make loans directly to the borrowers (Quilym, 2012). The Nigerian financial system comprises of various institutions, markets and operations that are in the business of providing financial services. These institutions can be broadly categorized into money and capital markets while money market is a market in which short term financial instruments are traded, the capital market on the other hand deals with long term transactions. The major players in the money market are the banks and discount houses. The intermediation role of banks ensures the mobilization of idle funds from the surplus units to the deficit sector. Just like the money market, the capital market is a major channel for mobilizing long-term funds. The main institutions are the Securities and Exchange Commission (SEC) which is the apex regulatory body, the Nigerian Stock Exchange (NSE), the issuing houses, stock brokerage firms and the registrars (Olofin&Udoma, 2008).

Manufacturing Sector Output

Manufacturing sector refers to those industries and activities which are involved in the manufacturing and processing of items and indulge in either the creation of new commodities or in value addition (Adebayo, 2010). Indeed, Mbelede (2012) opined that manufacturing sector is involved in the process of adding value to raw materials by turning them into products. The final products can either serve as finished goods for sale to consumers for final use or as intermediate goods used in the production process. Activities in the manufacturing sector cover a broad spectrum which includes; agro processing, metal/plastic, ICT/electrical, textile, clothing, footwear, cement and building. These activities contribute to the economy as a whole in terms of output of goods and services; provide a means of reducing income disparities; develop a pool of skilled and semi-skilled labour for the future industrial growth; improve forward and backward linkages within the value chain and between socially and geographically diverse sectors of the country; offer an excellent breeding ground for entrepreneurial and managerial talent and serve as a source of foreign exchange for the economy (Imoughele & Ismaila, 2014). Apart from laying solid foundation for the economy, it also serves as the import substituting industry, provides ready market for intermediate goods and contributes significantly to government revenue generation through tax (Aderibigbe, 2004).

The manufacturing sector of successful economies is perceived as a critical sector in terms of share of total output and employment. Special interest in manufacturing stems from the belief that the sector is a potential engine of modernization, a creator of skilled jobs, and a generator of positive spill-over effects. The growth in manufacturing output has been a key element in the successful transformation of most economies, mostly the developed and emerging economies that have seen sustained rises in their per capital incomes (Tybout, 2000).Delbridge and Lowe (1998) identify the main contributions of the sector to economic growth and development as increasing the productivity rate in the production of goods and services; generating employment and skills; generating of wealth; distributing wealth; being a source of innovation and development of technological capacities; generating foreign exchange and trade services; and being an agent of cultural change and the impact on urban- rural transformation.

Theoretical Framework

This study was anchored on supply leading theory. Supply leading theory was postulated by Schumpeter (1911). The supply leading theory postulates that the existence of financial institutions like the Nigerian deposit money banks and the supply of their financial assets, liabilities and related financial services in advance of demand for them would provide efficient allocation of resources from surplus units to deficit units, thereby leading to other economic sectors in their growth process. The central argument underlying supply leading theory is that financial deepening is a determining cause of economic growth. It posits that optimal allocation of resources is an outcome of financial sector development. The supply-leading hypothesis suggests that causality flows from finance to economic growth with no feedback response from economic growth. A well-developed financial sector is a pre-condition for economic growth. Mckinnon (1973) and Shaw (1973) argue that a well-developed financial sector minimises transaction and monitoring costs and asymmetric information; thus there is improvement in financial intermediation. The existence of well-developed financial sector enhances the creation of financial services as well as accessibility to them in anticipation to their demand by participants in the real sector of the economy. The supply-leading hypothesis presumes that the economy responds to growth in the real sector facilitated by financial development.

The supply leading theory presents an opportunity to induce real growth by financial means. Its use, analysts believe is more result oriented at the early level of a country's development than later. According to Gerschenkron cited in Adewole, Nwankwo, Ogbadu, Olukotun and Samuel (2018) 'the more backward the economy relative to others in the same time period, the greater the emphasis on supply leading finance'. According to Keynes, an increase in investment results in an increase in income, while people's propensity to consume will lead to lack of savings, nevertheless in the economic market when a function of the individuals is spending, they put back part of the income into the economy. Besides, this theory makes it clear that higher interest rate makes it more expensive for SMEs to borrow money, which means that enterprises invest less and when they do that, income is reduced such that the amount left over for savings equals the lesser amount now invested. In the theory also, investment and savings have been considered two critical macroeconomics variables with microeconomic foundation for achieving price stability and promotion of employment opportunities, which contribute to the sustainable economic growth. The conventional perception through which investment, savings and economic growth are related is that savings contribute to higher investments, hence higher GDP growth in the short run.

This theory is relevant to the study in that it postulates that a well functioning financial sector is necessary to facilitate growth in the real sector. In other words, the development of the manufacturing sector is reliant on how well the financial sector is deepened or developed. As the financial sector deepens, there is increase in the supply of financial services. The financial institutions especially banks help in the reduction of risk faced by firm and businesses in their process, improve the portfolio of diversification and isolation of the economy from the change of international economic changes. It also provides linkages for the different sectors of the economy and encourages a high level of specialized expertise and economies of scale that can help to improve manufacturing output.

Empirical Literature

Mesagan, Olunkwa and Yusuf (2018) investigated financial development and manufacturing performance in Nigeria from 1981 to 2015. Three indicators of manufacturing performance such as manufacturing capacity utilization, manufacturing output and manufacturing value added were employed as the dependent variables while money supply as a percentage of GDP, domestic credit to the private sector and liquidity ratio were employed to proxy financial development. Three models were formulated for the study. Unit root, Johansen cointegration test and error correction model was employed in analyzing the data. The result indicates that money supply and credit to the private sector positively but insignificantly enhanced capacity utilization and output, but negatively impacted value added of the manufacturing sector in the short run. There is slight improvement in the long run where both money supply and credit to private sector exert positive impact manufactured output.

Oleka and Maduagwu (2015) carried out an empirical analysis of the impact of intermediation roles of banks on the performance of the Nigerian economy from 2003 to 2013. The study sought to find out if the banking industry loans and advances have any significant effect on the real sector GDP growth rate, using manufacturing component of GDP as the representative of the real sector. The study adopted ex-post facto research design. Analysis of variance-ANOVA, mean, standard deviation, t-test, co-efficient of correlation and simple linear regression were employed in analyzing the data. The result indicates that the volume of bank credits and advances to the real sector of the economy is positively related to the GDP growth rate of the economy. The study also found that banks credits and advances to the manufacturing sector have positive significant effect on the manufacturing component GDP of the sector. The study concludes that banking sector is becoming more competitive in their intermediation roles as consolidation reform has created an atmosphere where many banks simply cannot afford to have weak balance sheets and inadequate corporate governance.

Ogunsakin (2014) conducted an empirical investigation of the impact of financial sector reforms on the performance of manufacturing sector in Nigeria from 1980 to 2009. In this study, manufacturing production growth rate was employed as the dependent variable while ratio of broad money to GDP, real interest rate, investment, foreign direct investment, total domestic credit and inflation rate were employed as the independent variables. Unit root, cointegration and error correction mechanism were employed in analyzing the data. Total domestic credit and the ratio of broad money to GDP were found to have significant impact on the performance of the manufacturing sector. While real interest rate, investment, foreign direct investment and inflation rate have no significant impact on the performance of the manufacturing sector in Nigeria. Findings from the study showed that financial sector reforms in Nigeria did not have significant impact on the growth of manufacturing out-put in Nigeria during study period.

Onwuteaka, Molokwu and Aju (2019) investigated the impact of commercial banking on Nigeria industrial sector from 1980 to 2018. Commercial bank credit to industrial sector, inflation, infrastructure, exchange rate, interest rate, labour force and bank capital were employed as the independent variables while industrial sector proxied by industrial output was employed as the dependent variable. Ordinary least square was employed in analyzing the data. The results show that commercial bank credits to industrial sector, infrastructure, inflation, labour and bank capital have a positive impact on industrial sector while exchange rate has a negative impact on industrial sector. The study also found out that only commercial bank credits to industrial sector and infrastructure were significant in explaining industrial sector growth.

Adeyefa and Obamuyi (2018) investigated the effect of financial deepening on the performance of manufacturing firms in Nigeria from 1970 to 2016 using data sourced from the Central Bank of Nigeria Statistical Bulletin and the National Bureau of Statistics. The model was specified, and the hypotheses were tested with the Autoregressive Distributed Lag model and Mann-Whitney U Test test. The Augmented Dickey-Fuller, Phillips-Perron and Breusch-Pagan-Godfrey tests were carried out to ensure robust regression results. Results obtained from the study revealed that broad money supply has direct and significant impact on index of manufacturing production in Nigeria, credit to private sector has indirect and insignificant impact on index of manufacturing production in Nigeria and market capitalization has an indirect and significant impact on index of manufacturing production in the long-run and a direct and insignificant impact in the short-run. The study also discovered that financial deepening impacted more on the manufacturing sector performance in the post financial reforms period.

Ebi and Emmanuel (2014) investigated the impacts of commercial bank credit on Nigeria industrial subsectors between 1972 and 2012. Econometric Error Correction Model (ECM) was employed to estimate the output response of the three subsectors namely: the manufacturing; mining and quarry; and real estate and construction subsectors to commercial bank credits, as well as the response of aggregate output of the entire industrial sector to subsector's output and their commercial bank credits. The results of estimation indicate the following: commercial bank credits impacted positively and significantly on the manufacturing sub-sector in Nigeria, commercial bank credits to mining and quarry is a positive and significant determinant of the current year Mining and Quarry output in Nigeria, previous year bank credits to real estate and construction is a positive determinant of the current year real estate and construction output, bank credits to manufacturing, mining and quarry as well as bank credits to real estate and construction correlated positively with aggregate industrial output with bank credits to real estate and construction having greater and a significant impact on industrial output. Interest rate was not an important determinant of industrial sector and industrial sub-sectors outputs, exchange rate is a negative and significant determinant of industrial sector's outputs in Nigeria.

Doumbe and Zhao (2017) examined financial sector development and Industrialization in Cameroon (1970-2014) using aggregate production framework and Autoregressive Distributed Lag (ARDL) co integration technique for Cameroonian time series data from 1970-2014, Findings revealed that financial development impacts the investment, hence the industrialization. Nominal deposit rate influences the industrialization both in the short run and in the long, while the impact of bank deposits is just seen in the short run.

Alimi and Adeoye (2020) carried out an analysis on the effect of financial intermediation activities on economic growth in Nigeria using time series data from 1983 to 2018. Broad money supply, size of credit, credit delivered to private sector and bank deposits were used as the indepdnent variables while real gross domestic product was employed as the dependent variable. Descriptive statistics, Ordinary Least Squares (OLS) and Vector error correction model approach were employed as the estimation technique. The results indicate that broad money supply, size of credit and credit delivered to the private sector have a positive effect on economic growth. It was concluded that financial intermediation activities by banks had a statistically significant impact on the growth of Nigeria's economy.

Adediran, Ekejiuba, Oluwatoyin and Adegboye (2017) carried out a co-integration analysis of financial intermediation and economic growth in Nigeria using time series data from 1980 to 2014. Growth Rate of Real Gross Domestic Product was employed as the dependent variable while ratio of domestic credit to private sector to the nominal gross domestic product, loan-deposit ratio and total labour force were employed as the independent variables. Augmented Dickey-fuller and Philip-Perron tests, Johansen co-integration test and Vector Error Correction Model were employed in analyzing the data. The study established the fact that loan to deposit ratio and credit to private sector to nominal gross domestic product which are indicators for financial intermediation has long run relationship with growth rate of real gross domestic product. The result showed that financial intermediation has a long-run relationship with economic growth in Nigeria.

Methodology

The study adopted ex-post-facto research design. The study made use of time series data covering the period from 1985 to 2019. The data used were sourced from Central Bank of Nigeria Statistical Bulletin, 2019. Data were sourced on manufacturing sector output (which serve as the dependent variable), credit to Private Sector, money supply (M2), credit to manufacturing sector and interest rate. Descriptive statistics was employed to measure the individual characteristics of the variables used in the analysis. Augmented Dickey-Fuller (ADF) was employed for unit root test while Johansen cointegration test was employed to determine the existence or otherwise of long term relationship between the variables used in the study. ECM was employed as the estimation technique.

The study adopted and modified the model of Alimi and Adeoye (2020). The functional form of the model used in this study is specified as follows:

MSOT = f(CPS, M2, CMS, INT)

Where

MSOT = Manufacturing Sector Output

CPS = Credit to Private Sector

M_2 = Money Supply

CMS = Credit to the Manufacturing Sector

INT = Interest Rate

From functional form, the econometric form is stated thus:

$$MSOT = \beta o + \beta_1 CPS + \beta_2 M_2 + \beta_3 CMS + \beta_4 INT + \mu \quad (1)$$

Where

βo = Autonomous or intercept

β_1 = Coefficient of Parameter of Credit to Private Sector

β_2 = Coefficient of Parameter of Money Supply

β_3 = Coefficient of Parameter of Credit to Manufacturing Sector

β_4 = Coefficient of Parameter of Interest Rate

μ = Stochastic disturbance or error term

To linearize equation 1, we apply logarithm to equation which gives:

$$LMSOT = \beta o + \beta_1 LCPS + \beta_2 LM_2 + \beta_3 LCMS + \beta_4 LINT + \mu \quad (2)$$

Where

LMSOT= Log of Manufacturing Sector Output

LCPS = Log of Credit to Private Sector

LM_2 = Log of Money Supply

LCMS = Log of Credit to Manufacturing Sector

LINT = Log of Interest Rate

Data Presentation and Analysis

In this section, data are analyzed and results presented. The models subjected to statistical and econometric estimation. The estimation was carried out using the E-views software version 9.0.

Descriptive Statistics

Descriptive statistics measure the individual characteristics of the variables used in this study. It shows the mean, median, standard deviation, Jarque-Bera and its probability value (Used to measures normality of the data). The result of the descriptive statistics is presented in the table below.

Table 1 Descriptive Statistics

	MSOT	CPS	M2	CMS	INT
Mean	2970.220	5949.647	7335.784	609.3552	18.35519
Median	1829.340	930.4939	1505.960	233.4747	17.58562
Maximum	6684.220	24922.94	34251.70	2231.320	29.80000
Minimum	1373.660	13.07034	22.29924	3.232200	9.250000
Std. Dev.	1894.383	8228.538	10204.76	748.0376	3.999320
Jarque-Bera	6.549652	7.267996	9.741245	6.974053	5.736660
Probability	0.337823	0.126410	0.207669	0.230592	0.156794
Observations	35	35	35	35	35

Source: E-view 9.

Table 1 above reveals the individual characteristics of the variables used in this study highlighting their median, mean, maximum and minimum values, standard deviation and Jarque-Bera statistics (normality Test). Manufacturing sector output (MSOT) had a mean value of 2970.220 with minimum value of 1373.660 and maximum value of 6684.220. Manufacturing output recorded a standard deviation of 1894.383 which is lower than its mean. This shows that manufacturing output recorded slow growth within the period under review. Credit to private sector (CPS) has a mean value of 5949.647 with a standard deviation of 8228.538 which is greater than its mean. This indicates that there is an increase in credit to private sector within the reviewed period.

Money supply (M_2) had a mean value of 7335.784 with a standard deviation of 10204.76 which is greater than its mean. This indicates that there is an increase in money supply within the reviewed period. Similarly, credit to manufacturing sector recorded a mean value of 609.3552 with a standard deviation value of 748.0376 which is greater than its mean. This implies that there is an increase in credit to manufacturing sector within the reviewed period. Manufacturing sector output, credit to private sector, money supply, credit to manufacturing sector and interest recorded Jarque-Beraand its probability value which is within the acceptable threshold indicating that real gross domestic product is normally distributed.

Unit Root Test

Augmented Dickey-Fuller (ADF) was employed to determine the stationarity or otherwise of the variables used in the study. The result is presented on page 55.

Table 2: Summary of Unit Root Test for Stationarity

Variables	At Level 1(0)	At First Difference 1(1)	At Second Difference 1(2)	Order of Integration	Alpha Value
Manufacturing Sector Output		-5.308523		1(1)	0.0001
Credit to Private Sector		-7.411817		1(1)	0.0000
Money Supply (M2)		-7.952349		1(1)	0.0000
Credit to Manufacturing Sector		-6.497955		1(1)	0.0000
Interest Rate		-7.351225		1(1)	0.0000

Source: E-view 9.

Evidence from unit root table above shows that manufacturing sector output, credit to private sector, money supply, credit to manufacturing sector and interest rate were stationary at first difference. Since the decision rule is to reject stationarity if ADF statistics is less than 5% critical value, and accept stationarity when ADF statistics is greater than 5% criteria value, the ADF absolute value of each of these variables is greater than the 5% critical value at their first difference and second difference but less than 5% critical value in their level form. Therefore, all the variables are all stationary.

Cointegration Test

Since the unit root test shows that all the variables are stationary, we go further to carry out the cointegration test. The essence is to show whether the variables have a long term relationship or equilibrium among them. The results were presented below.

Table 3: Johansen Multivariate Cointegration Test for Financial Intermediation and Manufacturing Sector Output

Unrestricted Cointegration Rank Test (Trace)

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None *	0.801912	98.06816	69.81889	0.0001
At most 1	0.442494	44.63966	47.85613	0.0972
At most 2	0.383826	25.35836	29.79707	0.1490
At most 3	0.247389	9.378880	15.49471	0.3315
At most 4	1.09E-06	3.59E-05	3.841466	0.9972

Trace test indicates 1 cointegrating eqn(s) at the 0.05 level
* denotes rejection of the hypothesis at the 0.05 level
**MacKinnon-Haug-Michelis (1999) p-values

Unrestricted Cointegration Rank Test (Maximum Eigenvalue)

Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic	0.05 Critical Value	Prob.**
None *	0.801912	53.42849	33.87687	0.0001
At most 1	0.442494	19.28131	27.58434	0.3931
At most 2	0.383826	15.97948	21.13162	0.2261
At most 3	0.247389	9.378844	14.26460	0.2560
At most 4	1.09E-06	3.59E-05	3.841466	0.9972

Max-eigenvalue test indicates 1 cointegrating eqn(s) at the 0.05 level
* denotes rejection of the hypothesis at the 0.05 level
**MacKinnin-Haug-Michelis (1999) p-values
Source: E-view 9.

Table 3 indicates that trace have only 1 cointegrating variables in the model while Maximum Eigenvalue indicated 1cointegrating equation. Hence, the trace statistics and Eigenvalue statistics reveal that there is a long run relationship between the variables used in the study. Hence, the implication of this result is a long run relationship between dependent and the explanatory variables used in the models.

Estimation Results

Error Correction Model (ECM) was employed as the estimation technique and the result is presented below.

Table 3 Error Correction Model (ECM) Estimation

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	5.456523	0.437874	12.46140	0.0000
LCMS	0.965899	0.129386	7.465252	0.0000
LCPS	0.353604	0.222037	1.592544	0.1217
LINT	-0.013690	0.125961	-0.108688	0.9142
LM2	0.685652	0.279031	2.457261	0.0200
ECM(-1)	-0.421570	0.194004	-1.142094	0.2634

R-squared	0.632539	Mean dependent var	7.826429
Adjusted R-squared	0.623544	S.D. dependent var	0.567007
S.E. of regression	0.156781	Akaike info criterion	-0.736364
Sum squared resid	0.737413	Schwarz criterion	-0.514172
Log likelihood	17.88637	Hannan-Quinn criter.	-0.659663
F-statistic	103.6748	Durbin-Watson stat	2.663139
Prob(F-statistic)	0.000000		

Source: E-view 9.0

Using the estimated result of the fitted regression line in table 3, the analyses were done based on the coefficient of the independent variables, the statistical significance of the individual variables (t-statistics), coefficient of determination (R^2)/Adjusted R^2, F-statistics, Durbin-Watson (DW) statistics and error correction mechanism.

Credit to Private Sector (CPS): The result showed that the coefficient of credit to private sector is 0.353604 with a t-statistics value of 1.592544 and a probability value of 0.1217 which is highly insignificant. This implies that credit to private sector had insignificant positive effect on Nigerian manufacturing sector output.

Money Supply (M_2): The result showed that the coefficient of money supply is 0.685652 with a t-statistics value of 2.457261 and a probability value of 0.0200 which is statistically significant. This implies that money supply had a significant positive effect on manufacturing sector output in Nigeria within the period under review.

Credit to Manufacturing Sector (CMS): Table 3 showed that the regression coefficient of credit to manufacturing sector is 0.965899 with a t-statistics value of 7.465252 and a probability value of 0.0000 which is statistically significant. This implies that credit to manufacturing sector has a significant positive effect on manufacturing sector output within the period under review.

Interest Rate (INT): The result also showed that the regression coefficient for interest rate is -0.013690 with a t-statistics value of -0.108688 and a probability value of 0.9142 which is statistically insignificant. This implies that interest rate had an in significant negative effect on manufacturing sector output in Nigeria within the period under review.

Coefficient of Determination (R^2)/Adjusted R^2: From table 3, the coefficient of determination (R2) is 0.632539 with adjusted R^2 value of 0.623544, which shows that the explanatory power of the variables is high. This implies that 62.4% of the variations in manufacturing sector output in Nigeria are accounted by the variations in the financial intermediation variables used in this study.

F-statistics: The F-test was applied to check the overall significance of the model. The F-statistic is instrumental in verifying the overall significance of an estimated model. Table 3 shows f-statistics value of 103.6748 which is highly significant. This indicates that financial intermediation variables used in this study have significant effect on manufacturing sector output in Nigeria all thing being equal.

Durbin-Watson (DW) Statistics: From the regression result, the Durbin Watson D-Statistic obtained was 2.663139. This means that there is no autocorrelation in the model. Hence, the model can be used for realistic forecasts.

Error Correction Mechanism: From the result obtained in table 3, the coefficient of ECM is negative which is theory consistent. The ECM is significant with the speed of convergence to equilibrium at 42.2% of the past years deviation from equilibrium. The adjustment is essential for maintaining a long-run equilibrium to reduce disequilibrium overtime.

Conclusion

The study investigated the effect of financial intermediation on the Nigerian manufacturing sector from 1985 to 2019. Data sourced from the CBN statistical bulletin were subjected to empirical analysis and the following were discovered. The result indicates that money supply and credit to manufacturing sector had significant positive effect on manufacturing sector output in Nigeria. The study also found that credit to private sector and interest rate had insignificant effect on Nigerian manufacturing sector output. Based on the significant f-statistics value, the study concludes that financial intermediation has significant positive effect on manufacturing sector output in Nigeria.

Despite the significant effect of credit to manufacturing and money supply on the manufacturing sector output, the sector is still faced with several challenges. However, appropriate policies that will increase credit to the manufacturing sector and ensure efficient allocation of credit are required. This is in addition of evolving policies to positively change banks lending behavior and preferences as well as curtailing government interferences in the sector through crowding out effects. Also, there should be collaboration between the central bank and the key players in the financial intermediation process to ensure that loan and advances are given to the real sector of the economy particularly the manufacturing sector.

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Firm-Specific Characteristics and Market Risk Disclosures of Banks In Nigeria

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Abstract

The study investigated the effect of firm-specific attributes on market risk disclosures by banks in Nigeria. It adopted a correlational design and obtained data from annual reports of a sample of eleven deposit money banks listed on the Nigerian Stock Exchange for the period 2018 to 2020. Relying on Agency Theory and Signaling Theory it formulated four null hypotheses and tested them using ordinary least square multiple regressions. Based on multivariate analysis, the study revealed that growth opportunity and bank size have a significant and positive relationship with the volume of market risk disclosures respectively. It also showed that capital adequacy has a negative relationship with the volume of market risk disclosures and this is statistically significant. Profitability exhibited a positive but insignificant relationship with the volume of market risk disclosures. The study recommends future studies with different proxies for market risk disclosures. Future studies should also consider a longer study period.

Keywords: Market risks, disclosures, firm characteristics, deposit money banks,

Introduction

Banks in Nigeria emerged bigger after the recapitalization exercise in 2005. The emergence of bigger banks exposed banks to the bigger risk and this was compounded by the global financial crisis that hit the banking sector. Indeed, the Central Bank of Nigeria identified poor risk management as one of the corporate governance issues plaguing the bank industry (Sanusi, 2010) and demanded disclosure of banks' risk management processes in annual reports (CBN, 2006, 2014). One major and important risk confronting the banking industry is market risk. This is not surprising since banks are in the business of mobilizing funds and channeling the same for investment to facilitate economic development. In their financial intermediation, banks create loan assets and hold financial instruments and these expose the banks to market risks. The exposure to market risk is aggravated by stiff competition in the industry which makes banks adopt lax risk management processes. The purpose of this work is to examine firm-specific characteristics that influence market risk disclosures of banks in Nigeria. Studying how firm-specific attributes influence a bank's decision over the extent to provide market risk information is important since risk disclosure affects the way investors perceive risk (Kravet & Muslu, 2013) and influences decisions on stock prices (Miihkinen, 2013; Campbell et al., 2014).

Statement to the Problem

Empirical studies that examine the influence of firm-specific attributes on market risk disclosure of banks in Nigeria are scarce in Nigeria.Prior literature that employed data from Europe, the US and Asia, and some African countries focus on investigating the impact of either firm characteristics (e.g., Linsley & Shrives, 2006) or ownership and board characteristics (e.g., Abraham & Cox, 2007) on aggregated risk disclosure. This study, therefore, serves to fill this important gap in the literature by studying whether, and if so how, firm-specific characteristics, including firm size, growth opportunity, profitability, and capital adequacy, influence market risk disclosure amongst Nigerian banks.

This study will be of importance to regulators as it will inform their regulatory actions to ensure a sound and safe banking industry. It will help banks to revisit their risk management disclosures. It will provide a platform for other researchers to build on.

Objectives of the study

1. To examine the relationship between the volume of market-risk information disclosure and growth opportunity of deposit money banks in Nigeria
2. To examine the relationship between the volume of market-risk information disclosure and bank size of the deposit money banks in Nigeria

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3. To examine the relationship between the volume of market-risk information disclosure and profitability of the deposit money banks in Nigeria
4. To examine the relationship between the volume of market-risk information disclosure and the capital adequacy of deposit money banks in Nigeria

Hypotheses:

Hypothesis 1: There is no significant and positive relationship between the volume of market risk information disclosed in the annual report and the growth opportunity of the deposit money banks in Nigeria.

Hypothesis 2: There is no significant and positive relationship between the volume of market risk information disclosed in the annual report and bank size of the deposit money banks in Nigeria.

Hypothesis 3: There is no significant and positive relationship between the volume of market risk information disclosed in the annual report and the profitability of the deposit money banks in Nigeria.

Hypothesis 4: There is no significant and positive relationship between the volume of market risk information disclosed in the annual report and the capital adequacy of the deposit money banks in Nigeria.

Literature review

Conceptual review

IFRS 7 defines market risk as the risk that the fluctuation in the market will affect the fair value or future cash flows of financial instruments. It is the risk of a change in the actual or effective market value or earnings of a portfolio of financial instruments caused by volatilities in the market variables. Market risk consists of currency risk, interest rate risk, and equity or other (e.g., commodity) price risk. Adverse movements in foreign exchange rates, interest rates, equity, bond, and commodity prices usually affect earnings and firm value.

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Banks hold portfolios in foreign currencies and are exposed to risks arising from the movement in the rate of foreign currency (or foreign exchange risk). Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Banks hold interest-bearing financial instruments and these give rise to interest rate risk. Other price risks, the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), Banks hold equity in other entities, and prices of equities are subject to market forces which could result in adverse financial loss. Banks also are involved in forwarding contracts and options. Changes in the market price of the underlying equity instruments to which forward contacts and options are indexed affect the fair values of the financial instruments.

The other key concept in this study is firm characteristics. Firm characteristics are the features or qualities attributable to a firm. They usually include size, liquidity, profitability, total assets, leverage, sales growth, and even capital adequacy. Prior Nigerian studies examined the relationship between firm attributes and other variables considered size, leverage, profitability and liquidity (Chukwu, Damiebi & Okoye, 2019; Egbunike & Okerekeoti, 2018).

Theoretical framework

Agency Theory and Signalling Theory form the theoretical framework of this study. Agency Theory states the agency is based on agency relationships. According to Jensen and Meckling (1976, p. 308), an agency relationship is "a contract under which one or (principals) engage another person (the agent) to perform some service on their behalf which involves delegating some decision-making authority to the agent". Inherent in the agency relationship is a potential conflict of interest whereby the managers (agents) take advantage of information between him and the shareholder to act opportunistically. Risk disclosure is necessary to reduce information asymmetry between the firm and its stakeholders (Healy & Papleu, 2001), demonstrate accountability, and improve firm value (Moumen et al. 2015).

Signaling theory posits that firms market disclosures in annual reports address the problem of information asymmetry. The theory holds that disclosed risk information provides a signal the market is not aware of. For instance, based on the Signalling Theory, a firm discloses risk information to demonstrate that the managers are competent in risk management.

Empirical Review

Empirical studies of the determinants of market risk are scarce. This study draws from general and specific risk disclosure literature. Glaum and Street (2003) investigated disclosures in the financial statements of a sample of 2000 German firms in the year 2000 and found growth has no significant impact on the companies' disclosure practices.

Prencipe (2004) employed Italian data to investigate the proprietary costs and determinants of voluntary segment disclosure. The study provided evidence of correspondence between the segments and the growth rate of the firms.

Iatridis (2008) examined the financial attributes of UK firms that disclosed key accounting issues such as risk exposure, changes in accounting policies in the financial statements. The result revealed that firms that provided informative accounting disclosures exhibited higher size, growth, profitability, and leverage measures.

Consistent with Signalling Theory, profitable companies or better-performing firms have good news to disclose to their stakeholders, and therefore should have an incentive to disclose more than would a loss-making or less profitable firms. Profitable firms can disclose more information to the market, and attract cheaper capital (Mallin, 2002), widen their customer bases, and enhance their reputations (Linsley & Shrives, 2006). Chau and Gray (2002) found a positive relationship between disclosure and performance for a sample of Hong Kong and Singaporean companies, similar findings have been documented by Owusu-Ansah (1998) and Wallace et al. (1994).

Following the recapitalization exercise, Nigerian listed deposit money banks emerged bigger. This provided incentives for deposit money banks to undertake bigger activities resulting in increased market risk exposure. Konishi and Yasuda (2004) and (Stiroh, 2006) found that large banks tended to be more internally diversified than small banks. As a result of intense scrutiny, large banks are likely to provide more market risk disclosures than smaller banks. This suggests that bank size may have an impact on bank risk and risk disclosure. Miihkinen (2012) showed that firm characteristics such as firm size, profitability, and foreign listing status affect risk disclosure. In his study of non-financial firms, Adelopo (2010) found a significant positive relationship between voluntary disclosure and firm size. Alsaeed (2006), Collett and Hrasky (2005), and Owusu-Ansah (1998) also found a positive relationship between disclosure and firm size.
Regulators are concerned with the soundness of banks to ensure the safety of customer's funds. Accordingly, they have prescribed minimum capital deposit money banks must hold. . Kwan and Eisenbeis (1997) find that interestrate risk is positively and significantly related to bank capital. Bank capital serves as a buffer to absorb losses that arise from their loan portfolio and market risk among others. Prior studies provide evidence suggesting that regulation and professional norms also influence risk disclosures(Abraham & Shrives, 2014; Chalmers & Godfrey, 2004; Miihkinen, 2012).

Methodology
The study adopted a correlational research design since the study sought to test the relationship between variables. The study has its population of all the 13 deposit money banks listed on the first-tier market of the Nigerian Stock Exchange as of 31st December 2020. These are Access Bank Plc, First Bank Holding Plc, Fidelity Bank Plc, First City Monument Bank Plc, Guaranty Trust Bank Plc, Stanbic-IBTC Bank Plc, Union Bank Plc, United Bank Plc, Unity Bank Plc, Wema Bank Plc, and Zenith Bank Plc. The study used a census approach to determine the sample size. For any deposit money bank to be included in the sample, it must have the annual report for the period covered by the study which is 2018-2020. Secondly, the reporting currency must be Naira. As a result of the filter, two deposit money banks, Ecobank Group and Unity Bank Plc were excluded from the sample, resulting in a sample of eleven deposit money banks and thirty-three firm-year observations.
The study used secondary data extracted from annual reports of the sampled deposit money banks. Bank annual reports are reliable because they are statutory documents containing audited financial statements.
The empirical model of this study states that the level of market risk disclosure is a function of bank attributes namely growth, bank size, profitability, and capital adequacy. The model is restated in econometric form as follows:

$$MRDISC_{i,t} = \beta_o + \beta_1 GROWTH_{i,t} + \beta_2 FSZE_{i,t} + \beta_3 ROA_{i,t} + \beta_4 CAR_{i,t} + \varepsilon_{i,t}$$

Where for firm i at year t:

Variable	Definition	Measurement
MRDISC	Market risk disclosure	Number of pages of the annual report devoted to disclosing market risk information
GROWTH	Growth opportunity	$\frac{\textit{current year gross earning} - \textit{preceding year gross earning}}{\textit{preceding year gross earnings}}$
SIZE	Firm size	Natural log of total assets
ROA	Return on assets	Profit before tax divided by total assets
CAR	Capital Adequacy	Total regulatory capital divided by risk-weighted assets
ε	Error term	
β_0	Intercept	
$B_1......\beta_4$	Regression coefficients	

The dependent variable is market risk disclosure level measured in line with prior literature (Abraham & Cox, 2007; Linsley & Shrives, 2006; Wallace & Naser, 1995). The independent variables are growth opportunity, bank size, profitability proxied by return on assets, and capital adequacy ratio. These firm characteristics were selected from risk disclosure literature (Abraham & Cox, 2007; Linsley & Shrives, 2006; Wallace & Naser, 1995).

The study employed the Ordinary Least Square Multiple regression method as the tool for data analysis. STATA 12 facilitated the analysis.

Analysis of Results

Table 1 presents the descriptive analysis of the variables used in the study. Table 1 shows that the study has 33 firm observations. On average the sampled deposit money banks used 12pages to disclose market risks. With a minimum of 4 pages and a maximum of 32 pages, the standard deviation of 6 pages suggests substantial variations in the volume of market risk disclosures. The mean growth opportunity of the banks is approximately 5% with a range falling between -15% and 33%. Table 1 reveals that some deposit banks in the sample experienced negative growth in the region of 15%. In terms of size, there was little variation. On average the deposit money banks achieved a return on assets of 2.16%. The maximum return on assets was 5,62% and a minimum of 0.60%. There is high variability in return on assets as evidenced in the standard deviation of 1.55%. The mean capital adequacy ratio of the sample deposit money banks is 18.99% which exceeded the minimum capital adequacy ratio of 15% set by the Central Bank of Nigeria. This suggests the deposit money banks are sound and healthy.

Table 1. Descriptive statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
misc	33	12.18182	6.277213	4	32
growth	33	0.0488212	0.1026524	-0.1541	0.3266
Fze	33	21.74566	0.7856761	20.00747	22.88426
Roa	33	0.0216032	0.0154734	0.0060557	0.0561886
Car	33	18.9897	3.968235	11.5	25.3

Source: Author's computation

Correlation Analysis

Table 2 presents the correlation between market risk disclosure level and the independent variables.

Table 2 Correlation Matrix

	Mrdisc	growth	fsze	Roa	car
mrdisc	1.0000				
growth	0.3443*	1.0000			
fsze	0.5273*	0.0231	1.0000		
Roa	0.0544	-0.0980	0.2803	1.0000	
Car	0.0382	-0.0711	0:4473*	0.7782*	1.0000

Source: Author\s computation

*Denotes 5% significance

As shown by the correlation matrix, there is a positive correlation between market risk disclosure level and growth and this is significant at the 5% level. Similarly, Table 2 indicates a positive correlation between market risk disclosure level and bank size and the association is significant at the 5% level. Return on assets and capital adequacy ratio exhibit a positive correlation with market risk disclosure level but this is not significant. The correlation analysis gives a preliminary result of the influence of the independent variables on the dependent variable. The magnitude of the correlation is above the average for growth but below average for bank size, return on assets, and capital adequacy. It should be noted that the correlation coefficient ranges from -1 and 1. The generally low values of the correlation coefficient suggest multicollinearity is not a serious threat to the result from the multivariate analysis. This is corroborated by the variance inflation factor (VIF) and the VIF Tolerance as shown in Table 3. A VIF of below is considered as the absence of a serious multicollinearity problem. (Hair et al., 2010)

Results and discussion

The multiple regression results are presented in Table 3.

Table 3 Regression Result

U7665Variable	conf.	Robust Std. Err.	t statistics	p-value	VIF	1/VIF
growth	19.73499	9.150301	2.16	0.040	1.01	0.987460
fsze	5.059625	1.417879	3.57	0.001	1.27	0.785936
roa	83.72192	91.42043	0.92	0.368	2.58	0.387153
car	-.6054549	.3410011	-1.78	0.087	2.96	0.337289
cons	-89.11779	29.1283	-3.06	0.005		
Model summary						
No of obs	33					
F(4, 28)	3.58					
Prob > F	0.0176					
R^2	0.4417					

Source: Author's computation

The results show that the F-ratio is 3.58 at a significant level 0.01 suggesting a good fit. The model R'2 (0.4417) implies that independent variables explain almost 44 percent of the variation in the MRDISC index. The coefficient is positive and significant (?1 = 19.73499, p-value = 0.040). Therefore, **Hypothesis 1**which states that there is no significant and positive relationship between the volume of market risk information disclosed in the annual report and growth opportunity of the deposit money banks in Nigeria is rejected.

The coefficient on bank size is positive and significant (?2 = 5.059625, p-value = 0.001). Consequently, **Hypothesis 2** which states that there is no significant and positive relationship between the volume of market risk information disclosed in the annual report and the growth opportunity of the deposit money banks in Nigeria is size is rejected.

The coefficient on return on assets is positive but insignificant (?3 = 83.72192, p-value = 0.368). Based on this result, **Hypothesis 3** which states that there is no significant and positive relationship between the volume of market risk information disclosed in the annual report and profitability of the deposit money banks in Nigeria in size is supported.

The coefficient on capital adequacy is negative and significant (?3 = -0.6054549, p-value = 0.087). Following this result, **Hypothesis 4** which states that there is no significant and positive relationship between the volume of market risk information disclosed in the annual report and capital adequacy of the deposit money banks in Nigeria in size is confirmed.

Discussion of Findings

The positive coefficient on GROWTH implies that as the growth opportunity increases by 1%, the volume of market risk information disclosed in annual reports of deposit money banks increases by approximately 20 pages. This suggests that growth opportunity is a critical determinant of market risk disclosures. This result is in agreement with Riahi-Belkaoui (2001). The result is consistent with the explanation offered by the Signaling Theory. The positive and significant coefficient on bank size suggests that an increase in bank size by one standard deviation is associated with a 3.975 standard deviation in the volume of market risk disclosures. This result supports the findings of Wallace and Naser,1995; Riahi-Belkaoui, 2001, Lopes and Rordigues (2007). The implication is that large deposit money banks tend to disclose more market risk information than smaller deposit money banks. The result is consistent with the Agency Theory which submits that due to lower information processing costs as well as higher political costs large firms tend to that disclose greater information (Lang & Lundholm, 1993). The regression analysis shows that the volume of market risk disclosure increases with an increase in the profitability of deposit money banks. However, the relationship is not significant. This implies that profitability is not a driver of market risk disclosure. This result does not agree with prior findings (e;g., Singhvi,1968) found a significant positive association between profitability and the extent of disclosure but aligns with Raffournier (1995).

The coefficient on capital adequacy reveals that as capital adequacy of the sampled deposit money banks increases by 1%, the volume of market risk disclosure decreases by 6 pages. This is contrary to Begley et al. (2017) who showed that banks significantly under-reported the risk in their trading book when they have lower equity capital. The result contradicts the explanation from Signalling Theory that it is in the interest of companies to provide risk-related information to the market as a signal of their compliance with regulations.

Conclusions and Recommendations

The study investigated the effect of firm-specific attributes on market risk disclosures by banks in Nigeria. It obtained data from annual reports of deposit money banks listed on the Nigerian Stock Exchange for the period 2018 to 2020. It relied on Agency Theory and Signalling Theory to explain the influence of growth opportunity, bank size, profitability, and capital adequacy on market risk disclosure. Based on multi variate analysis, the study revealed that growth opportunity and bank size have a significant and positive relationship with the volume of market risk disclosures respectively. It also showed that capital adequacy has a negative relationship with the volume of market risk disclosures and this is significant. Profitability exhibited a positive but insignificant relationship with the volume of market risk disclosures. The study recommends future studies with different proxies for market risk disclosures. Future studies should also consider a longer study period.

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