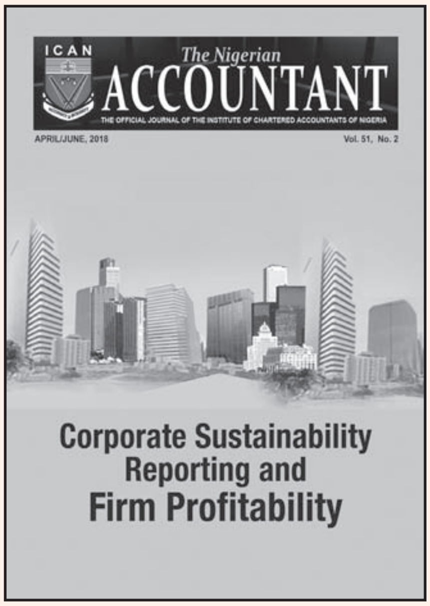
ICAN
The Nigerian
ACCOUNTANT
THE OFFICIAL JOURNAL OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
APRIL/JUNE, 2018 Vol. 51, No. 2

Corporate Sustainability Reporting and Firm Profitability

Contents



The Nigerian
ACCOUNTANT

(ISSN: 0048 – 0371)
is published quarterly by

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA

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APRIL/JUNE, 2018 **Vol. 51, No.2**

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA

(Established by Act of Parliament No.15 of 1965)

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To be a leading global professional body.

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To produce world-class chartered accountants, regulate and continually enhance their ethical standards and technical competence in the public interest.

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From The Editor

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Corporate Sustainability Reporting and Firm Profitability are two different entities but are closely related. It was discovered in recent years that corporate sustainability reporting has become such an important issue that most companies are now embracing this evolving corporate reporting system.

In our lead article in this edition entitled ***"Corporate Sustainability Reporting and Firm Profitability: A Survey of Selected Quoted Companies in Nigeria"*** the author tried to investigate the relationship between Corporate Sustainability Reporting and Firm Profitability.

The author adopted what he described as "ex post facto" research design as data used for the study were sourced from numerous annual reports and financial statements of the companies he used in the study. He also used content analysis to construct the sustainability reporting index.

Our second article with the title ***"Electronic Governance and Effective Public Administration in Nigeria"*** examined the crucial and critical role e-governance is playing in public administration effectiveness and efficiency. The authors of this article posited that success and survival of a state is dependent upon administrative and technological strategies and public efforts to achieve set goals.

The paper highlighted the impacts of e-governance on effective public administration in Nigeria and in analysing this, the authors adopted a qualitative approach and discussed the concepts of public administration, governance and electronic governance thereby creating a distinction among the various concepts. The paper captured the understanding of the positive impact of e-governance on public administration, through the various literary arguments and schools of thought, to generate a clearer understanding of the discourse under review.

Another interesting article in this edition is entitled ***"The Effect of Social Responsibility Reporting on Corporate Performance in Nigeria".*** The authors examined the relationship between corporate performance and social responsibility disclosures. They specifically examined the effects of disclosures in form of monetary gifts and donations and Community Development Activities, Conformity to Environmental and other Governmental Policies as well as Employee Welfare and Training on corporate performance.

You will also read about ***"Impact of Information and Communication Technology on Insurance Companies' Service Delivery and Profitability in Nigeria"*** as well as ***"Impact of Microfinance Credit Strategy on Economic Development in Nigeria".***

Your comments on the various articles, news and other items published in this edition are welcome. Please send them to **corporateaffairs@ican.org.ng** or **editor@ican.org.ng**

Impact of Information and Communication Technology on Insurance Companies' Service Delivery and Profitability in Nigeria

By MOMOH OMOWUMI AYONI and AJIBOYE LAWRENCE OLUWASANMI

Information and Communication Technology (ICT) plays an important role in the social life of people and on the economic structure of any nation. This study examines the impact of ICT on Insurance Companies' services delivery and profitability. Insurance sector plays very important role in the growth of both developing and developed economies. Insurance as a service sector operates in a competitive environment. One of the industry's priorities is to increase Insurance penetration and gain control of the final market and this comes through good relationship with the potential insured and policyholders. Quantitative Data were obtained through the use of structured questionnaire. 82 respondents were chosen using simple random sampling from 10 Insurance companies in Ibadan, the capital of Oyo State. The results demonstrate that the presence and intensity of ICT could be used to explain the higher growth in productivity and profitability of Insurance companies. The paper concludes that introduction of ICT leads to efficient service delivery, good customer cum Insurers' relationship, customer retention and business profitability.
Keywords: *ICT, Insurance Companies, Insurance Penetration, Service Delivery, Profitability.*

1. INTRODUCTION

Insurance is the most popular method of risk transfer. It is invariably the backbone of any country's risk management system. Insurance plays a vital role by covering different types of risks. Thus, the service which it renders to the industries such as manufacturing, construction, financial sector, transport, communication and other economic sectors are essential to every economic development (Oyekunle and Momoh, 2013). The special role of Insurance in the economic development of Nigeria is that it contributes immensely to the economic advancement of individuals and corporate bodies and that of a nation. All investments need one form of Insurance or another.

Globalisation has caused intense competition in insurance industry, worldwide. The world is seen as a global village which turned the market and economies in like manner. Technological progress is a considerable driving force behind economic growth, citizen engagement and job creation. Information and communication technologies (ICTs) in particular are reshaping many aspects of the world's economies, government and societies.

In response to new technology-driven global markets and e-commerce, insurance companies have increased their use of advanced technologies as well as their innovation efforts (Epetimehin, 2011). In addition, since the industry profitability in recent years has been driven by investment performance that offset insured losses and operational expenses, it has been argued that successful methods to minimise cash outflow or make an Insurance profit may reside in technological innovation (Puelz, 2010).

These issues resulted in developing countries like Nigeria, governments, public officials business and citizens to work together to harness the transformative powers of ICT to make services in the industry to be more efficient, catalyse economic development and strengthen social networks. ICT is said to be an important tool not only for business but also for governance and personal use (Apampa, 2010). Widespread adoption and application of it across different fields of society and the economy is said to be the key factor in competitiveness (Thamodaran and Ramesh, 2010).

According to World Bank (2014), more than 75% of the world population has access to a cell phone, with the number of global mobile-cellular subscription quickly approaching 7billion. In addition, new services and industries are rapidly emerging.

The use of ICT in the operations and services of Insurance companies is called e-insurance. E-insurance is also known as internet insurance services. E-Insurance is defined as services that provide online insurance sales, services, and information sites through the use of global system for mobile communication (GSM), World Wide Web (www), telecommunicating, Usenet, facsimile video conferencing, etc. Insurance companies use these various ICT methods in the provision of an insurance covers whereby an insurance policy is solicited, offered, negotiated and contracted online.

Insurance is a means by which you secure protection for yourself, your family and business against unforeseen circumstances. An insurer is a company selling the insurance; an insured, or policyholder, is the person or entity buying the insurance policy. The insurance rate is a factor used to determine the amount to be charged for a certain amount of insurance coverage, called the premium. The transaction involves the insured assuming a guaranteed and known relatively small loss in the form of payment to the insurer in exchange for the insurer's promise to compensate (indemnify) the insured in the case of a financial (personal) loss. The insured receives a contract document, called the insurance policy, which details the conditions and circumstances under which the insured will be financially compensated. The simple conception of insurance is the spreading of risks for a few individuals, among many, this is done when individuals and businesses pay a premium to an insurance company to cover them in case of a catastrophic occurrence.

Despite the importance of insurance, insurance penetration in Nigeria, with its over 150 million population, remains every shallow (Oyekunle and Momoh, 2013). Market statistics revealed the poor performance for insurance business in Nigeria. It was discovered that Nigeria insurers covers less than five percent of the nation's insurable population and contributes less than one percent to GDP. (Usman and Salami, 2008). There is poor public awareness regarding the principles of insurance.

This assertion bring to bear questions such as: what are the benefits of ICT to the insurer? What are the benefits of ICT to the insured? Has the use of ICT improved customer service delivery in the Nigerian Insurance Industry? Does the application of ICT leads to Insurance business profitability in Nigeria? This study seeks to provide answers to these questions amongst others.

The Objectives of the Study

In the light of this, this study intends to:

— Identify the benefits of ICT to both insurer and the insured.
— Determine if the use of ICT has improved service delivery of Insurance companies.
— Investigate if the application of ICT by Insurance companies increases their profitability.

Hypothesis

H_o: There is no positive relationship between ICT and Insurance profitability in Nigeria.

H_1: There is positive relationship between ICT and Insurance profitability in Nigeria.

2. CONCEPTUAL FRAMEWORK

i) Concept of Service Delivery

A common definition of service quality is that the services should correspond to the customer's expectations and satisfy their needs and requirements (Shaw and Haynes, 2004). Zeithaml, Bitner and Gremler (2006) defines service quality as the customer's satisfaction. This however is a perception and not an actual experience of the service itself. The major emphasis is laid on the customer perceived service quality, which is born out of experience. He pointed out that, the entire discussion of service quality and satisfaction is based on customer's perception of the service and not some predetermined objectives criteria of what service is, or should be. Service quality has also been defined as the difference between expected service and perceived service. Organisations fall under business organisations that offer services.

Customer perceived service quality in insurance companies is therefore critical to managers in these organisations. Without any doubt, service quality is a very important component in any business related activity. Customer's evaluation of service quality and the resulting level of satisfaction are perceived to affect bottom line measures of business success (Lacobucci 1994).

Service delivery is very important in the Nigerian insurance industry because of its low insurance penetration. Customer satisfaction and customer service delivery is a key parameter for assessing insurance company's performance. Market statistics revealed the poor performance of insurance business in Nigeria. It was discovered that Nigeria insurers covers less than five percent of the nation's insurable population and contributes less than one percent to GDP. (Usman and Salami, 2008). Customer's perception concerning a market offering is built upon ability of the service provider to attractively convince their various target market. Rust and Chung (2006) state that customer-information gathering has a greater potential link with meeting customers' needs better. More so, satisfying customers' needs are based on customers' purpose and customer-oriented services channeled to various needs in order to solve particular problems of the customers.

ii) Profitability

Profitability is the primary goal of all business ventures. Without profitability, the business will not survive in the long run. So measuring current and past profitability and projecting future profitability is very important. Profitability is measured with income and expenses. Income is money generated from the activities of the business. Expenses are the cost of resources used up or consumed by the activities of the business.

Profitability is measured with an "income statement". This is essentially a listing of income and expenses during a period of time for the entire business. Whether you are recording profitability for the past period or projecting profitability for the coming period, measuring profitability is the most important measure of the success of the business. A business that is not profitable cannot survive. Conversely, a business that is highly profitable has the ability to reward its owners with a large return on their investment.

3. REVIEW OF RELATED LITERATURE

i) ICT and National Development

ICT are catalyst to economic growth and development (Kodakanchi, Abuelyaman, Kuofie and Quaddour 2006). The role of ICT in national development cannot be over emphasised. The United Nations Development Programme (2001) describes ICT as a powerful enabler of development due to its role in the society and national development. Likewise, Datta and Agarwal (2004) show that economic benefits of ICT can be direct (through increase of employment and demand) and indirect (notably through social returns). Moreover, effective ICT network provides necessary information need of a nation economy – industry, commerce, agriculture, services sector – to foster necessary structural linkages for sustainable growth (Bhatnagar, 2005; Anie, 2007). Decision on ICT investments must take cognizance of other socio-economic factors in order to facilitate growth in developing nations, such as Nigeria (Mbarika, Kah, Musa, Meso and Warren 2003).

ICT are fundamental to every sector of the Nigerian economy. In this regard, Kramer, Jenkins and Katz (2007) highlight the role of ICT in modern economic growth and development. According to them, ICT reduces transaction cost thereby improves productivity; offers immediate connectivity by improving efficiency, transparency and accuracy; substitutes for other more expensive means of communicating and transacting; increases choice in the market place in order to provide access to otherwise unavailable goods and services; widens the geographical scope of potential markets; and channels knowledge and information necessary for sustainable development (Kramer *et al.*, 2007:7).

ii) Nexus Between Insurance and Economic Development in Nigeria

The Nigerian insurance industry is a major player and contributor to the nation's economic development. The industry is also crucial to sustainable development of a nation (Adeyele, 2011). Insurance is important to the national economy due to its economic and financial intermediation functions to household, businesses and for government. However, the Nigerian insurance industry accounts for less than one percent of the nation's Gross Domestic product (GDP) (NAICOM, 2013). Modern society and businesses are threatened by higher risks than ever. It is therefore necessary that insurance firms should develop and maintain a higher level of ICT usage in order to meet the nation's insurance needs, to enhance their profitability and to contribute positively to the economy.

ICT is an umbrella term that includes communication device or application, encompassing radio, television, cellular phones, computer and networks hardware and software, satellite system, and so on, as well as the various services and application associated with them, such as video conferencing and distance learning (Rouse, 2004), the increased demand for information and communication technology (ICT) in the financial sector became imminent and unavoidable in the world at a large and Nigeria in particular.

According to O'Brien (2002), there are many ways that organisation may view and use information technology depending on their goals, aims and objectives, organisation may use ICT to strategise; they could as well be contented to use ICT to support efficient everyday operations. The process of information technology adoption and use is critical to deriving the benefits of information technology (Karahanna, Straub and Chervany, 1999).

4. BENEFITS OF ICT TO INSURER

Benefits of ICT to the Insurer are classified into six general classifications:

i. **Direct Benefits:** Those which are quantifiable such as number of new customers.
ii. **Indirect Benefits:** Those which cannot be measured easily, such as increase of customer loyalty and goodwill as a result of online services.
iii. **Short Term:** The benefits that can be realised by companies within months such as improved revenue, increased revenue, increase productivity and better marketing.
iv. **Long Term:** Benefits such as additional customer enquiry and forming new networks, which may be achieved in long term.
v. **Tangible Benefits:** Such as reduced costs of gathering, storing, retrieving, processing, analysing and transmitting information which ultimately reduces the administration and production costs. ICT can improve marketing and quality of information. In addition to introducing new methods of marketing, ICT can improve marketing and marketing techniques.
vi. **Intangible Benefits:** Such as improved relations with business partners, improved internal controls and quality information.

Pearson's Correlation Between ICT and Insurance Company Profitability

		ICT	Insurance Company Profitability
ICT	Pearson Correlation Sig. (2-tailed)	1	0.757 0.000
	N	82	82
Insurance Company Profitability	Sig. (2-tailed)	0.757 0.000 82	1 82

Source: *Analysis of Survey Data (2014)*

Other Benefits of ICT

i. ICT in insurance industry is used for information purpose, application submission, proposal preparation and online contract conclusion, notification of claims, probable address changes, access to customer and contract data.

ii. The Insurance staff can contact each other via an internet and a paperless system which has helped the tasks to be carried out faster via website, and receiving application forms electronically.

iii. The seamless storage retrieval, sorting, filtering, distribution and sharing of information can lead to substantial gains in production, distribution, marketing and creation of new products and services.

iv. ICT will give firms access to new customers and ability to find new markets and reach new clients, which in turn will increase the profitability of the firm.

v. ICT facilitate communication among business partners, makes controlling access and participation in a communication event easy, and enables impossible communications possible.

vi. ICT will improve and increase the speed of communications between trade partners which leads to fast delivery of goods and services by suppliers. When an insurer deals directly with the customer using ICTs, it can save costs for running agencies and for paying commission agents or brokers.

5. BENEFITS OF ICT TO THE INSURED

Benefits of ICT to the insured are classified into two general classifications:

i) **Informational:** It improves market place information, improved communication and relationships.

ii) **Operational:** Includes transparency, reduced transactional costs and time efficiency. In addition, using the premium calculator in the web, an insured can calculate the rough amount of the premium they are charged for insurance policies. By referring to an insurer's website, a customer can easily calculate his premium, read the conditions of a policy, sign the insurance policy electronically and receive his electronic copy of the insurance policy. All these facilities will help to cut costs and ultimately, increase an insurer's sale volume.

6. METHODOLOGY

i) Research Description and Sample

A survey research design was employed for the study. The population of the study is made up of forty-nine insurance companies in Nigeria. Data were collected using simple random sampling from ten insurance companies in Ibadan, the capital of Oyo State. The major data gathering instrument employed in this study was the questionnaire.

One hundred questionnaires were administered among employees of the ten insurance companies randomly selected for this study; eighty-two questionnaires were recovered from the respondents. The questionnaire was drawn using five point likert-type questions. The questionnaire consisted of two sections. The first part focused on demographic information of the respondents while the second part contained general questions on ICT and firm performance. The hypothesis was tested with Pearson product coefficient of correlation and coefficient of determination was also computed.

$$\text{Coefficient of Correlation (r)} = \frac{n\sum XY - \sum X\sum Y}{(n\sum X^2 - (\sum X)^2 (n\sum Y^2 - (\sum Y)^2)}$$

ii) Hypothesis

H_o: There is no positive relationship between ICT and insurance profitability in Nigeria.

H_1: There is positive relationship between ICT and insurance profitability in Nigeria.

iii) Method of Analysis

Statistical Package for the Social Sciences (SPSS) 20 was used for analysis. The SPSS provides a lot of useful statistical tools for evaluating data in testing the study hypothesis. Correlation analysis was also used for this study.

7. RESULT AND FINDINGS

Hypothesis Testing

H_o: There is no positive relationship between ICT and Insurance profitability in Nigeria.

H_1: There is positive relationship between ICT and Insurance profitability in Nigeria.

The ***Table above*** showed the Pearson's correlation between

ICT and Insurance Company profitability. There is strong positive correlation of 0.757, indicating a strong relationship between ICT and Insurance Company's Profitability. The relationship is significant, hence the null hypothesis is rejected and alternative hypothesis is accepted. This implies that the use of ICT increases profitability. Coefficient of determination (R^2) is $(0.757)^2$ = 0.573. This indicates that 57.3% of the variation of Insurance profitability can be explained by the use of ICT. This is consistent with the findings on previous studies in Nigeria (Osabuohien, 2008, Obasan, 2011 and Fadun, 2013).

8. CONCLUSION AND RECOMMENDATION

Development of ICT assists firms' to effectively integrate into the global market. The Insurance sector is crucial to sustainable development of a nation. The study is significant in view of the need for Insurance companies in Nigeria to develop and maintain a high level of ICT usage in order to meet the nation's Insurance needs, to enhance their profitability and to contribute positively to the nation's economy. The study examined effects of ICT on Insurance companies' profitability in Nigeria. It identifies the benefits of ICT to both insurers and the insured. It also revealed that ICT promotes effective and efficient service delivery in the Insurance industry as a strategy for attainment of the profit maximisation objectives of Insurance companies in Nigeria. Using structured questionnaires of 82 respondents from 10 Insurance companies, an empirical analysis was undertaken to explore roles of ICT in enhancing quality of service delivery and profitability of Insurance companies in Nigeria.

It is hereby recommended that Insurance companies in Nigeria should endeavour to regularly update their ICT facilities, in view of its impacts on quality of service delivery and profitability that is necessary in order to be relevant in the rapidly changing technological world. Moreover, ICT literally enhances the skills and abilities that advance the use of computers and related information technologies to meet personal, educational and organisational goals (Lowe and McAuley, 2002). Consequently, regular training should be given to their personnel to keep them abreast of the current innovations in the use of ICT to ensure that the industry contributes more positively to the economy. This will further enhance Insurance companies' efficiency and quality of service delivery in Nigeria.

The outcome suggests that adoption of ICT by Insurance companies can enhance their efficiency, their quality of service delivery, and their profitability. The implication of the findings for practice is that Insurance companies should endeavour to update their ICT facilities regularly, in view of its impacts on quality service delivery and profitability. The paper also highlights the need for regular training of Insurance personnel to keep them abreast of the current innovations in the use of ICT to ensure that the industry contribute positively to the economy.

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Obiano Charges Accountants on Manpower Development

ICAN President, Isma'ila Zakari with Anambra State Governor, Willie Obiano, FCA

The Executive Governor of Anambra State, Dr. Willie Obiano has charged the Institute to help the younger members to connect with experienced and senior members in firms for training and exposure to the challenging aspects of the profession.

Obiano made this charge when he played host to the President of the Institute, Isma'ila Zakari who was on a visit to Onitsha and District Society of ICAN on Tuesday, February 27.

The Governor said, Accountants are expected to be liberal, vibrant and versatile and contribute meaningfully to different sectors of the economy, noting that only relevant trainings and mentoring from senior and experienced members of the Institute can be appropriate.

Reacting to the President's address who had earlier briefed him on the strategic policy of the Institute to collaborate with state and federal governments and relevant ministries, departments and agencies of government in Nigeria and around the world, Obiano noted that his administration was ready to support the Institute and assured that members would be given opportunity to serve the State where vacancies exist.

Professionals Have a Major Role to Play to Sustain Peace and Security in Nigeria, Says Wike

The Governor of Rivers State, Bar. Nyeson Wike has charged professionals particularly Chartered Accountants to be involved in the fight against crime and ensure a peaceful living environment in the country.

Wike spoke at his office when he played host to ICAN team led by the President, Isma'ila Zakari who was in Port Harcourt for the maiden Southern Zonal District Conference held between April 9 and 11.

The Governor while responding to the President who had earlier stated various roles of members of the Institute in contributing to the economic development of the nation, said everyone must be involved in the fight against crime which had eaten deep into the society making human life so cheap and worthless due to the killings in many parts of the country irrespective of their profession.

According to the Governor, "Professionals like ICAN must speak out and advocate for peace and say, we need freedom, justice, free and fair election. Uphold rule of law through your profession, because it is only when there is peace and stability in the society that you can engage and practice your profession."

He also encouraged members of the Institute to be actively involved in politics not just as observers. He noted that this would be a very good avenue to checkmate what government was doing. He assured the President of the State's support to the activities of the Port Harcourt and District Society.

ICAN Invites Yaba Tech to Embrace MCATI Programme

...Signs MoU with Yusuf Maitama Sule University, Kano

The Institute has appealed to the management of Yaba College of Technology, Lagos to embrace its Mutual Cooperation Agreement with Tertiary Institutions (MCATI). The appeal was made by the President, Isma'ila Zakari during a visit to the College as part of his tour of the Lagos Mainland and District Society of the Institute.

According to Zakari who was represented by the 2nd Deputy

ICAN President, Isma'ila Zakari presenting a souvenir to Rivers State Governor, Chief Nyesom Wike

Vice President of the Institute, Mrs. Onome Adewuyi, ICAN and Yaba Tech had been partners in building human capacity, hence the call for more robust relationship through MCATI.

He explained that under the MCATI programme, there would be a Memorandum of Understanding between both parties in which ICAN curriculum would be incorporated into the school's, thereby exposing their Accounting students to both the academic and professional side of accounting.

This, according to Zakari, would give the students of the institution exemption from eleven subjects as against the normal seven subjects given to accounting graduates of institutions not under the MCATI programme.

Responding, the Rector of the School, Engr. Obafemi Omokugbe described ICAN's relationship with Yabatech as remarkably long and cordial, promising that the MCATI issue would be looked into and given urgent attention. Meanwhile, the Institute has signed the MCATI Memorandum of Understanding (MoU) with Yusuf Maitama Sule University, Kano.

In his speech at the ceremony, the ICAN President, Isma'ila Zakari said the agreement was aimed at deepening the standards of learning and dissemination of knowledge of Accountancy in Nigerian tertiary institutions for the betterment of the profession and Nigeria as a whole. He explained further that the benefit of high quality Accountancy education to Nigeria could not be overemphasised.

Responding, the Vice Chancellor of the University, Professor Mustapha Ahmad Isa said the signing of the MoU will enhance learning of Accounting as a course in the institution while appreciating donation of teaching materials such as textbooks, computers and accounting soft ware promised to be supplied to the University by ICAN.

2nd Deputy Vice President of ICAN, Mrs. Onome Adewuyi (left)**presenting a souvenir to the Rector of Yaba College of Technology, Engr. Olufemi Omokugbe, during ICAN's courtesy visit to the College**

Government Should be Compelled to Support SMPs – *Ighodalo*

The Managing Partner of SIAO, Pastor Ituah Ighodalo, FCA has appealed to the Institute to compel governments at all levels to support the Small and Medium Practices (SMPs) in its dealings with accountants.

Ighodalo made the appeal in Lagos when the President of ICAN, Isma'ila Zakari paid a courtesy visit to the firm. He lamented that in spite of the various appeals that have been made in the past, "the Big 4 Firms" still monopolise over 80 percent of audit business across the country.

Speaking further, he commended the Institute for collaborating with other professional bodies outside Nigeria, adding that his firm would identify with the Institute in this regard.

He called on the Institute to ensure that its voice was heard when the economic planning of the country is being made. "We want the Institute to have a voice in the economic planning of this country. ICAN must be heard when policies and decisions are made in this country. We are Chartered Accountants, there's no way we could be shoved aside when economic policies are being made. ICAN should be projecting its members with confidence and link them up for positions like Finance Minister, Auditor-General, Accountant-General, etc," he concluded.

Managing Partner, SIAO, Pastor Ituah Ighodalo welcoming ICAN President to his office in Ikoyi

Earlier, the ICAN President had disclosed that the Institute had set up an SMP committee to strengthen SMPs, adding that the Big 4 Firms are willing to collaborate with the Institute to achieve this. On the registration of firms, he said the Institute had stepped up its registration and regulation of firms, to ensure that practising licences are issued to the right people.

Obasanjo Upholds ICAN Accountability Index

The Accountability Index launched by the Institute at the last conference aimed at encouraging accountability in governance has been extolled by the former president of the country Chief Olusegun Obasanjo, GCFR. He gave this credence in his office at Abeokuta during his interaction with the President of the Institute, Isma'ila Zakari who paid him a courtesy visit recently.

Chief Obasanjo said the nation indeed needs such accountability index and many more indexes as possible in all the tiers of government for good governance, noting that this would help in curbing corruption and impunity in the country.

The former President however cautioned the Institute to tread softly in this dreaded path as it may incur the wrath of many who may be adversely affected by the accountability index.

'It requires a lot of courage to do this. It is really difficult because it will not be liked by government, so have firm stand as you will be accused of many things but have confidence for this is what is needed by the nation', he said.

The accountability index was launched by the Institute for assessing public finance management and public governance practices across the three tiers of the Nigerian public sector including the Federal, State and Local Governments.

ICAN President, Isma'ila Zakari presenting a souvenir to former Nigerian President, Chief Olusegun Obasanjo during a courtesy visit to the former President

ICAN Donates Books to Four Tuition Houses

The Institute has donated books and other educational materials to four tuition houses across the country. The donation of the books was held on March 27, 2018 at ICAN Office Annex, Ebute-Metta, Lagos.

The four tuition houses that benefitted from the donation were: Professional Tutors for Success, Oshogbo; Risk Free Standard Associates, Lagos; Taraba Business School, Jalingo, Taraba State; and Onitsha Business School, Onitsha, Anambra State.

Making the presentation, the Chairman, Board of Trustees on ICAN Tuition House Support Fund, Dr. Richard Uche, enjoined the benefitting tuition houses not to betray the confidence ICAN reposed in them. He appealed that the books should be made available to students writing ICAN examinations and should also serve as teaching materials.

ICAN Commissions E-Learning Platform

The Institute has commissioned its e-learning platform christened "ICAN Learning" to enhance members participation in the Institute's Mandatory Continuous Professional Education (MCPE). Commissioning the platform on Wednesday, April 25, 2018, the President of the Institute, Isma'ila Zakari explained that the vision was to continuously update the technical skills and competencies of Chartered Accountants and participants through value added training provided at minimum cost.

According to Zakari, e-learning has emerged as a crucial tool of education and the inevitable consequence of globalisation has made e-learning a necessity.

In her opening remarks, the Chairman of Members' Education and Training Committee, HRM Adaku Chidume-Okoro enumerated some of the benefits inherent in the project for members and non-members of ICAN.

According to her, the e-learning platform would be running concurrently with the Mandatory Continuous Professional Education (MCPE) physical training. Also, it would meet the need of ICAN members in Diaspora and others unable to attend classroom teachings, due to geographical limitations for current MCPE delivery.

She stated further that more members would be able to access MCPE training, resulting in potential enhancement in the knowledge, skills and competencies of ICAN members, adding that the platform was convenient for members and non-members irrespective of status and location.


Bammeke Sunday (Member, Board of Trustees); Chief (Dr.) R.U. Uche (Chairman, Board of Trustees); Olayinka Gabriel (Taraba Business School, Jalingo) and Wole Bodunde (Snr. Manager, ICAN)

2018 Annual Dinner & Awards: Recognising Star Performers

Minister of Finance, Mrs Kemi Adeosun, FCA, being congratulated by ICAN President, Isma'ila Zakari, after receiving her award

The 2018 edition of the Annual Dinner and Awards of the Institute was held at Eko Hotel & Suites, Victoria Island, Lagos, on Saturday, April 28, 2018. In its usual colourful manner, the event specifically honoured and recognised individuals and corporate organisations that have contributed in no small measures to the growth of the Institute and Nigeria as a country.

The awards were presented to deserving individuals and corporate bodies in three categories of Members, Non-Members and Corporate Organisations. However, additional glamour was added to this year's event by recognising some late members who had contributed immensely to the Institute and the country, during their life time.

In his speech, the President of the Institute, Isma'ila Zakari, disclosed that the annual event was put together for members to unwind, celebrate the Institute's successes and some achievers. He described the event as being historic to recognise and celebrate star performers who have distinguished themselves and demonstrated overtime, their commitment to the ideals and public interest mandate of the accountancy profession.

Executive Chairman, Federal Inland Revenue Service (FIRS), Mr Babatunde Fowler (left) receiving his award

In his welcome address, the Chairman of Publications and Image Committee (PIC), which organised the event, Dr. Etofolam Osuji disclosed that the awardees were carefully and diligently selected by the Annual Dinner and Awards Sub-Committee of the Publications and Image Committee (PIC) of ICAN and were duly approved by the Council of the Institute.

In the members' category, four people who received the awards for their immense contributions to accounting profession and the nation as a whole are: the Akarigbo of Remoland, HRM Oba Babatunde Ajayi, FCA; the Minister of Finance, Mrs. Kemi Adeosun, FCA; the immediate past Executive Secretary of Association of Accounting Bodies in West Africa (ABWA), Mrs. Margaret Unubun, FCA; and Alhaji Isiaka Abdulrazak, FCA, Executive Director, NNPC. Late Alhaji Zubair Abdullahi, FCA and late Mrs Uchenna Erobu, FCA who were 2nd Deputy Vice Presidents at different times were honoured posthumously.

In the non-members category, the Executive Chairman of Federal Inland Revenue Service (FIRS), Mr. Babatunde Fowler, was the only one honoured. He was honoured for his roles and contribution to the development of Nigeria's economy.

University College Hospital (UCH), Ibadan and Fate Foundation were honoured in the Corporate body category. They were recognised for their selfless dedication to service.

ICAN President, Isma'ila Zakari, presenting awards to Akarigbo of Remoland, HRM, Oba Babatunde Ajayi, FCA (left); Mrs. Margaret Unubun, FCA; and Alhaji Isiaka Abdulrazak, FCA at the Annual Dinner and Awards of the Institute

Cash Flow an Issue?

5 Top Tips for Keeping the Cash Flowing

By MAGNUS NMONWU

Cash flow problems – more money going out of the business than is coming in – are among the most significant reasons that Nigerian companies go out of business. Cash flow isn't simply about sales or profits – it's also about your business expenditure and your ability to collect money owing to you.

It is possible to have a good profit margin or experience great revenue growth, yet run into cash flow problems. For example, you will not be able to pay your rent on time or afford to buy stock because you're waiting for customers who owe you large amounts of money to pay. Or your pricing might be too low for your overheads.

Here are some ways to take control of your cash flow:

1. **Monitor your cash flow**

Managing your cash flow starts with understanding it better. Look closely at the transactions in your business to understand your monthly income and expenses. What are your major costs each month – rent, salaries, stock, electricity, taxes and so on – and when do you pay them? How quickly are your customers paying you?

Rather than using an Excel spreadsheet or your bank statements to track cash flow, consider investing in an accounting solution. A good software package will allow you to generate cash flow statements at a push of a button, where you can see cash flow into the business (customer payments, supplier refunds, tax refunds and so on) and out of the business (expenses and payments). You'll know that you have an accurate and up-to-date view of your cash position.

2. **Keep a cash flow forecast**

Generate a cash flow forecast and set targets for the next six to 12 months. Again, an automated software solution will enable you to generate a cash flow forecast. It should allow you to manually tweak parameters and numbers to cater for anticipated changes such as seasonal variations in sales or annual supplier price increases. This will enable you to make predictions about the gap between your income and expenses and, if appropriate, take corrective action.

3. **Keep on top of billing**

Send out invoices promptly and be quick to chase overdue bills. It's also worth setting out clear payment terms with suppliers from the start of doing business with them. Get to know your customer payment dates and don't ignore irregularities or delays – a poor paying customer might be about to go out of business. Knowing when you're due to be paid will help you keep on top of your cash flow.

4. **Stay friendly with lenders**

Many businesses need a cash boost from a bank or lender every now and again, particularly when they're starting out, and might need credit or an overdraft to get up and running. Stay on good terms with them and keep them informed of any unforeseen outgoings or changes in forecasts. By developing a good relationship, based on trust, with banks and lenders, they'll be more likely to treat you favourably should your business need future financial assistance.

5. **Tighten up on your outgoing payments**

Assess the frequency with which you pay suppliers, tax bills, utilities and so on – is it possible to pay in instalments or make terms more flexible? Use your powers of negotiation to strike deals that are favourable to your business. Also, check on all those little things you spend money on that can add up, with a view to identifying easy cost-saving opportunities.

Closing words

By keeping on top of your cash flow you'll be able to deal with problems quickly and efficiently. If worried, talk to an accountant, investor or business mentor. The right accounting software can give you a bird's-eye view of your business and help you stay on top of everything accounts related. It will help you manage your cash flow easily and effectively, ensuring your business is kept in the best possible financial position, before it becomes a problem. ●

★ ***Magnus Nmonwu is Regional Director for Sage in West Africa. Sage is the market and technology leader for integrated accounting, payroll & HR, and payment support systems which provides intelligent and flexible cloud-enabled software, support, and advice to manage everything from money to people in 23 countries.***


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ICAN President, Isma'ila Zakari presenting a souvenir to the Vice Chancellor, University of Maiduguri, Professor Ibrahim Abubakar during the President's tour of Maiduguri and District Society

Registrar, Nigeria Police College, Kano, Mohammed Usman (left); ICAN President, Isma'ila Zakari; Commandant, of the College, AIG Sanni Mohammed; and ICAN Registrar, John Evbodaghe, after the signing of the MCATI MoU between ICAN and the Nigeria Police Academy

ICAN Donates Laptops, Accounting Textbooks to Tertiary Institutions

In fulfillment of the pledges made by the Institute to support the growth and development of accountancy education in the country, the Institute has donated laptops and Accounting textbooks to some tertiary institutions in the country.

The Institutions are: Ahmadu Bello University, Zaria; Benson Idahosa University, Benin City; Paul University, Awka; Chukwuemeka Odumegwu Ojukwu University, Anambra; Delta State Polytechnic, Oghara; Federal College of Education (Technical), Lagos; and Lagos State University, Lagos.

Making the presentation to the Institutions in Lagos, the ICAN President, Ismaila Zakari reiterated that ICAN was guided by its determination to add value, build capacities and improve educational standard in the country.

He explained that Nigeria was currently having its fair share of the global downturn, the impact of which had adversely affected all sectors of the economy – most especially the educational sector, which appears to be the worst hit.

"As a professional body committed to technical excellence and in line with its statutory mandate of setting standards and regulating the practice of Accountancy in the country, the Institute proactively reacts to these challenges by instituting policies at Council to support the growth and development of Accounting Education in Nigeria".

"It is instructive to stress that apart from setting standard and regulating the practice of Accountancy in the country, the Institute ensures that its potential members receive appropriate and qualitative technical and academic training which can be bench marked against global standards," he declared.

Furthermore, the ICAN President added that it was in appreciation of the role of information technology on the Accountancy profession and the dearth of study materials for accounting students that propelled the Institute to commit funds into the acquisition of Computer

Laptops and Textbooks to assist the Accountancy students in tertiary institutions in their pursuit of Information Technology (IT) skills insights into the relevant accounting software.

First Southern Zonal Conference Holds in Port Harcourt

The maiden Southern Zonal Conference was held recently in Port Harcourt with the theme: *Government, Institutions and the People in Nigeria's Economic Development.*

In his opening remarks, the President of the Institute, Isma'ila Zakari said the conference was an opportunity for members to brainstorm on the economic state of the nation. He noted that the theme of the conference was not only apt but very timely.

He said participants at the conference will leave with greater incite to contribute to the economic development of the country. The President encouraged members to appreciate and buy into the Non-Compliance with Laws and Regulations (NOCLAR), and support the Institute's Accountability Index as part of their contributions.

The Chairman of the Southern Zonal District, Mr. Kelly Ayamba in his welcome address said the theme of the conference was carefully selected to engender robust professional discourse on the challenging national issues of weak institutions, poor governance and resultant poor service delivery to the citizens.

He said, "As Chartered Accountants, more often than not, occupy key and strategic positions in government and private sector institutions, positions that call on our professional knowledge and integrity to change the course of things in our country. We occupy key positions and perform key control functions that if well managed, could help to strengthen our public institutions and entrench good practices and due process in the operations of the organisations and institutions that we work for."

As he delivered his paper on the theme, *Strengthening Good Governance and Strong Institutions: The Role of the Chartered Accountants,* the Auditor-General of Rivers State, Mr. Chris Nyong in his opinion said the overriding agent of economic development in Nigeria is "people." He noted 'It is "people" that run government and institutions. When you have the right 'people', you would have good governance and strong institutions. When you 'fix' the people, you 'fix' the world.'

The 12th Western Zonal Districts Accountants' Conference Seeks Global Relevance for Nigerian Accountants

The 12th Western Zonal Districts Accountants' Conference which held at the Covenant University, Ota, unveiled some current perspectives on the role of Accountants in a fast changing world and how the Nigerian Accountant can capitalise on the emerging opportunities and trends.

ICAN President Isma'ila M. Zakari, mni, FBR, FCA, set the ball rolling in his keynote address by asking members of the Institute to brace up for opportunities and challenges brought about by rapid technological developments and globalisation of business.

He averred that the profession had become global because of the pervasive impact of technology in business and globalisation of standards. According to him, "a greater number of companies are now conducting operations internationally having to build workforces comprised of individuals from multiple countries who need to understand different cultures and business perspectives."

He also pointed out that "the widespread adoption of International Standards, means that auditors and accountants in business increasingly speak the same language worldwide." He warned that the issues before Accountants were real and would continue to rapidly evolve.

The first Plenary Session of the Conference provided an opportunity for the various speakers to dissect current technology-related as well as control issues in business which accountants must be wary of.

Presenting the Lead Paper on good corporate governance, the former Minister of Education Dr (Mrs) Oby Ezekwesili said that professional accountants were expected to adhere to the set of rules, controls, policies and resolutions put in place to dictate corporate behaviour.

According to her, "it is not enough for a company to merely be profitable; there is also the need to demonstrate good corporate citizenship through sound corporate governance practices which professional accountants must key into".

Dwelling on *"Accounting Issues in Business: Prospects for Professional Accountants",* Mr. Valentine Obi, Group Chief Executive Officer of e-Transact, said the exponential growth of the internet and online activities raise a number of new regulatory issues which the accountant and other professionals are duty bound to resolve.

"Just like any new business, there are tools associated with issues and potential risks to ensure a safe and secure environment for trading with customers and other businesses". He pointed out that Accountants should be able to recognise the increased significance of certain risks in the online environment.

Speakers at the second plenary session focusing on *Global Budgetary Process: Implementation for Sustainable Development* discussed how Accountants could strengthen the budgetary process for sound public finance management.

The session identified the civil budgetary process as one which "engenders trust among citizens that government is listening to their concerns, has a plan for achieving worthwhile objectives, use the available resources effectively, efficiently and in a sustainable manner". It recommended that the budget document must "be clear, transparent and credible if it is to command trust, and to serve as a basis of accountability."

The first and second workshop papers which focused on operational issues in producing for export and current developments in global tax practice added depth and robustness to the conference deliberations.

Participants rose from the conference with a clearer understanding of where accounting is headed in the new dispensation in Nigeria and with a firm resolve not to be left behind.

Corporate Sustainability Reporting and Firm Profitability:

A Survey of Selected Quoted Companies in Nigeria

By NDUKWE E.O. DIBIA and NWAKANMA G. NWAIGWE

This study aims at investigating the relationship between corporate sustainability reporting and firm profitability. The study adopted ex post facto research design. Data used for the study were sourced from annual reports and financial statements of the companies used in the study. Content analysis was used to construct the Sustainability Reporting Index. Annual reports of thirty-four quoted companies selected from Agriculture, Basic materials, Consumer goods, Consumer services, Financial services, Health care, ICT, Industrials and the Oil and gas sectors of the Nigerian economy for the period 2011 to 2015 were used for the study. Multiple regression analysis technique run on SPSS version 23 was used to test the hypotheses formulated in this study. Findings revealed a negative relationship between return on equity and corporate sustainability reporting. No significant relationship was established between earnings per share and corporate sustainability reporting. The study recommended that corporate sustainability reporting be made compulsory through legislation and the government should grant tax credit and other incentives to corporate entities that engage in sustainability practices and disclosure to encourage them to contribute more to the much needed sustainable development.

Keywords: *Sustainability Reporting, Sustainable Development, Firm Profitability.*

1.1 Introduction

In recent years, corporate sustainability reporting has become such an important issue that most companies are now embracing this evolving corporate reporting system. The trend towards sustainability reporting has been driven by two principal factors; first, an increasing recognition of the potential for sustainability related issues to materially affect a company's long term economic performance. Second, the need for the business community and individual companies to appropriately respond to issues of sustainable development (KPMG, 2008). The pursuit of sustainable development is centred on the intergenerational equity in the use of earth's resources. This is well implied in the all time definition of sustainable development by the Brundtland report of 1987, entitled, 'our common future' "as development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (World Commission on Environment and Development, 1987). Human activities taking place today are regarded by some people as having a detrimental impact on the society, ecology and economy which future generations will experience (Unerman, Bebbington and O'Dwyer, 2007). This points to the fact that the present human consumption and development is not sustainable. It has been argued that the society and the environment in which businesses operate are on an unsustainable course as the earth is now faced with serious challenges of social and environmental changes such as global warming, ozone layer depletion, poverty, hunger, diseases and other social and environmental challenges. The debate on sustainability issues has been on for some time now. In this debate, companies and businesses are fingered as culprits. For example, Elkington (2005) observed that corporations, especially large ones, have become a key focus of attention in the sustainability debate, while Kupers (2011) argued that corporations are perceived to be responsible for many negative impacts on the environment and on societies. As the awareness on sustainability issues grows and debate on social and environmental sustainability heighten, corporate entities across the globe, as a response, are beginning to show their commitment to sustainable development through publication of their social and environmental performance via the instrumentality of sustainability reports.

Sustainability reports are public reports by organisations which provide stakeholders with a snapshot of their sustainability performance on economic, environmental and social dimensions (World Business Council for Sustainable Development, 2002). Sustainability reporting provides a means of communication and engagement between a company and its stakeholders. A sustainability report should provide a balanced objective and reasonable representation of the sustainability performance of a reporting company including both positive and negative contributions (KPMG, 2008). Throughout the world, publicly held corporations control and transform natural and social resources into economic goods and services. Publicly available information is a necessary, though not sufficient prerequisite for responsible resource stewardship and management (Brown, Dillard & Marshall, 2006). As corporations play an integral part in both intermediate and final production and consumption, it is postulated that sustainable production and consumption of resources by corporations would lead to an improvement in the environment and also reduce its associated side effects (GRI, 2004, cited in Reddy & Gordon, 2010). The Triple Bottom Line paradigm, by emphasising and integrating the three key dimensions of sustainable development; profit, planet and people, forced corporations to widen their circle of responsibility and focus, for the first time, not just on the economic value that they add, but also on the environmental and social value they add or destroy (Elkington, 2004, cited in Miller, Buys & Summerite, 2007).

While maximising shareholders' value continues to be an overriding concern, companies will not be able to do that over the long term if they do not meet other key stakeholders' interests (Ballou, Heitger & Landes, 2006). In this light, it is also almost a truism that firms cannot be successful in the long run if they consistently disregard the interests of key stakeholders (Norman & MacDonald, 2004). It is often argued that firms' adoption of sustainability strategies should grant them competitive advantages over firms that do not adopt them (Adams & Zutshi, 2004).

This study, therefore, aims to investigate the relationship between corporate sustainability reporting and profitability of firms in Nigeria.

1.2 Objectives and Scope of Study

This study basically investigates the relationship between corporate sustainability and firm profitability of selected firms in Nigeria. To achieve this objective, annual reports of thirty-four (34) quoted companies drawn from nine (9) industrial sectors, namely, agricultural, basic material, consumer goods, consumer services, financial services, industrial goods, health care, Information and communications technology (ICT) and oil and gas sectors, for the periods 2011 to 2015, were analysed. The choice of these companies was informed by the availability of a complete set of annual reports covering the periods 2011 to 2015.

2.0 Review of Related Literature

2.1 Concepts of Sustainability, Sustainable Development and Sustainability Reporting

Sustainability is concerned with both the sustenance of the natural ecology and the justice and equity with which the fruits of that ecology are employed (Bebbington & Gray, 2001). Sustainability is the level of human consumption and activity which can continue into the foreseeable future, so that the systems which provide goods and services to humans persist indefinitely. (WCED, 1987) cited in (Mayer, 2008). The project of sustainability is based on the indefinite maintenance of all systems necessary to provide goods and services for humans to survive. It is a self-evident truth that humankind's current social, economic and political organisations and activities are not sustainable in any sense, while certain of the lesser developed countries may be sustainable, and many indigenous tribes living in relatively harmonious environmental and social circumstances are probably sustainable, the globe as a whole is not sustainable and the developed world is unsustainable to a significant extent (Bebbington & Gray, 2001). The essence of global sustainable development is that activities of business organisations are conducted in such a manner that both the current and future needs of the society are not compromised (Kasum, 2012). We recall the definition of sustainable development in the Brundtland report of 1987 as "development which meets the needs of the present without compromising the ability of future generations to meet their own needs" (WCED, 1987). The 2005 Word Summit of the United Nations referred to economic development, social development and environmental protection as interdependent and mutually reinforcing pillars of sustainable development. Kasum (2012) opined that, with the realisation that resources are finite, part of human responsibility is to preserve the human future on this planet into the limitless future. The notion of reporting against the three components (or bottom lines) of economic, social and environmental performance is directly tied to the concept and goal of sustainable development (Deegan, 2000).

Corporate sustainability reports are publicly released documents detailing the environmental, social, and governance performance of a company (Global Reporting Initiative, 2012). Corporate sustainability reporting, commonly abbreviated as CSR, involves firms publicly reporting about their environmental, social, and governance measures and their ability to deal with the related risks of these factors (Ballou, Heitger & Landes, 2006). Sustainability reporting provides a means of communication and engagement between a company and its stakeholders.

Sustainability Reporting Framework

A number of guidelines and frameworks for sustainable development reporting have been developed. The Global Reporting Initiative, GRI, founded in 1997, is arguably the most comprehensively developed and widely used of all the reporting guidelines. The GRI is a long term, multi-stakeholder, international undertaking whose mission is to develop and disseminate globally applicable sustainability reporting guidelines for voluntary use by organisations reporting on the economic, environmental and social dimensions of their activities, products and services. The GRI seeks to move sustainability reporting in a similar direction as financial reporting by creating a generally accepted framework for economic, social and environmental performance and impact disclosure. The GRI Guidelines specify a structure for sustainable development reports: "core" and "additional" indicators of sustainable performance, and reporting principles.

2.2 Theoretical Framework

In this research, we considered it important to review relevant theories underpinning the phenomenon under study. Stakeholder theory and legitimacy theory could be employed to explain the motivation for sustainability reporting.

2.2.1 Legitimacy Theory

Legitimacy is a generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions (Suchman, 1995). Legitimacy is a status that comes from the harmony between a corporation's value system and that of society. The absence of such harmony may cause the firm to disappear (Lindblom, 1994). In this age of global warming, firms communicate their environmental performance to their varied stakeholders to renew their social license as a responsible corporate entity (Cortez & Cudia, 2011*)*. The concept is used to represent a multitude of implicit and explicit expectations that society has about how the organisation should conduct its operations.

From such a perspective, corporate sustainability reporting is seen as one of the strategies used by companies to seek acceptance and approval of their activities from society. It is seen as an important tool in corporate legitimating strategies, as it may be used to establish or maintain the legitimacy of the company by influencing public opinion, patronage and ultimately, the bottom line. Deegan (2002) noted that companies will adopt disclosure strategies to conform to society's expectations. Social legitimacy is a conventional view on why companies prepare sustainability reports. Buhr (1998) argued that legitimacy can be at risk even when a company's activities accord with society's expectations because the company has failed to communicate that its activities are congruent with social values. From the foregoing, one can infer that it is not enough for companies to engage in sustainable development practices without reporting it. Islam and Deegan (2008) posit that corporate disclosure is best explained as a tool for maintaining legitimacy.

2.2.2 Stakeholder Theory

The stakeholder theory of modern corporations was propounded by Edward Freeman in 1984. The theory states that the purpose of a business is to create value for stakeholders not just for shareholders (Freeman, 1984). Stakeholder theory is based on the notion that companies have several stakeholders defined as groups and individuals who benefit from or are harmed by, and whose rights are violated or respected by corporate actions. The theory posits that every business has various groups of stakeholders with unique information needs (Freeman, 1984). The theory suggests that the purpose of a business is to create as much value as possible for stakeholders which includes, but not limited, to shareholders. In other words**,** corporations have a social responsibility beyond making a profit. Freeman's stakeholder theory was developed to put forward another vision of what a company's objectives should be. The theory opposes the then popular ideology that a company's aim is to accumulate profits so it can then be redistributed amongst shareholders. Milton Friedman, among others, had earlier argued that managerial attention to interests other than those of investors is a breach of trust that inevitably reduces the welfare of shareowners (Friedman, 1970). The stakeholder theory assumes that we abandon a narrow version of classical economic theory and develop corporate strategies that include goals that go beyond just maximising shareholders' interests (Lopez, Garcia & Rodriguez, 2007).

The classical economic theory indicates that companies should only respond to shareholders interests, their only social responsibility being the maximisation of company value. Any positive social act undertaken by the firm is associated with costs that would reduce profit and prejudice shareholders (Friedman, 1970). In line with stakeholder theory, Deegan **(**2000) argues that it can be acknowledged that this perspective can be extended to a notion that all stakeholders also have a right to be provided with information about how the organization is impacting them, perhaps through pollution, community sponsorship, provision of employment, safety initiatives and so on, even if they choose not to use the information, and even if they cannot directly have an impact on the survival of the organisation". According to Wahba (2008), stakeholder theory assumes that organisational sustainability initiatives must result in higher financial performance.

2.3 Empirical Review

The existing literature on the relationship between sustainability initiative and financial performance is comprised of mixed findings. Research by Preston & O'Bannon (1997), revealed no significant negative social–financial performance relationship in large U.S. companies, rather, evidence indicated that social-financial performance is a positive synergy; meaning that available funds drive positive social performance and that positive social performance also drives financial performance**.** Results of the study by Tsoutsoura (2004) reveal a positive relationship between the social responsibility of companies and selected indicators of performance (return on capital employed and return on Assets). In a study by Salzmann (2005), it was concluded that a positive relationship exists between environmental, social and governance (ESG) factors and financial performance, however, the social aspects impact financial performance much more than the governance or environmental aspects. Kwambo (2011) deduced that social disclosure has no impact on earnings per share. Moneva & Ortas (2008) found no association between corporate social responsibility disclosure and share returns. Murray, Sinclair, Power & Gray (2006) found no association between social and environmental disclosure and financial market performance. Tang & Chan (2010) reports that return on asset is not positively related to sustainability reporting level. That is, no relationship between profitability and sustainability reporting. However, Uwuigbe (2011) found that there is a significant positive relationship between the profitability of firms (proxied by ROTA) and the extent of social and environmental disclosure. Reddy & Gordon (2010) investigated the effects sustainability reporting has on companies' financial performance, using 68 listed companies drawn from New Zealand stock exchange and Australian Stock Exchange. The results of study provide support to the view that there is a statistically significant relationship between sustainability reporting and market returns for Austrian companies but not for New Zealand companies. However, there was an evidence of a systematic positive relationship between sustainability reporting and market returns over the event window in New Zealand. Lopez, Garcia & Rodriguez (2007) in their paper titled 'sustainable development and corporate performance' examined the link between performance indicators and CSR practices using a sample made up of two groups of 55 firms studied for the period 1998-2004. Results of the empirical analysis show that differences in performance exist between firms that adopt CSR practices and those that do not and that a short-term negative impact on performance was produced. Ekwueme, Egbunike & Onyali (2013) examined the connection between sustainability reporting and corporate performance from a stakeholder perspective, using a sample of 141 respondents, comprising 21 corporate managers, 55 corporate employees and 65 consumers and investors. The results of the data analysis showed a positive connection between sustainability reporting and corporate performance. Hussain (2015) in his empirical study, 'impact of sustainability performance on financial performance: an empirical study of Global Fortune (100) firms,' analysed the relationship between sustainability measures and financial performance from 2007 to 2011. The results obtained from fixed effect regression models revealed that the impact of environmental and social dimensions of sustainability remains relevant and significant across different measures of financial performance.

A study by Nosakhare, Che-Ahmad & Mgbame (2015) investigated the effect of environmental accounting on firm profitability in Nigeria, adopting a cross sectional research design. Results of the regression analysis show both positive and negative significant relationships with profitability when moderated with firm specific variables. Bartlett (2012) in a thesis captioned, the impact of corporate sustainability reporting on firm valuation looked at 162 firms from a wide range of sectors to determine if any correlation between the level of corporate sustainability reporting and firm value, measured at market value exists. Additionally the study analysed the effects of the great recession on corporate sustainability's impact on market value. The study found that not only is superior corporate sustainability reporting positively correlated with increased firm value, but also that the degree of the impact greatly drops during the recession.

Statement of Research Hypothesis

Seeing that the above empirical literature showed mixed results, we therefore, develop the following hypotheses stated in their null forms.

Ho_1: There is no significant relationship between corporate sustainability reporting and returns on equity among quoted firms in Nigeria.

Ho_2: There is no significant relationship between corporate sustainability reporting and earnings per share of quoted firms in Nigeria.

Methodology

3.1 Research Design

The researchers employed 'ex post facto' research design for this study. The reason for adopting this design is that our study involves events that have already taken place. The study aims to investigate the relationship between corporate sustainability reporting and firm profitability.

This study basically utilised secondary data from published annual reports of the companies used in this study as its main source of data. This is due to the fact that annual report is the main medium, through which companies make their sustainability performance disclosures. More so, annual reports are readily available, accessible and regularly produced. The annual reports selected cover the periods 2011 to 2015. The choice of the periods was informed by heightened interest and increased awareness on sustainable development and sustainability reporting issues within these period.

Population and Sample Selection

The population of the study includes quoted companies in the Agriculture, Basic material, Consumer goods, Consumer services, Financial services, Industrial goods, Health care, ICT and Oil and gas sectors of the Nigerian economy. Firms were selected and included in the sample if they fulfilled the following criteria; first, the firm must be listed on the Nigerian Stock Exchange. Second, the firm must have its accounting year ending on 31st December.

Third, a complete set of annual reports can be obtained from Nigerian Stock Exchange website or the company's website covering the period 2011 to 2015.

These criteria were adopted in order to obtain a sample that is homogeneous as to tradition and period of disclosure. The final sample consists of 34 corporate firms from 9 industrial sectors of the Nigerian Economy.

Operational Measures of Variables

The dependent variable in this study is the sustainability reporting index (SRI). SRI is used as an indicator for sustainability performance reporting. Content analysis was adopted for the measurement of sustainability reporting index. This analysis method considers the occurrence of sustainability disclosure and the quality of the information disclosed. Other prior researches in this area of study adopted this analysis method. Sustainability reporting is grouped into three dimensions – economic, social and environmental dimensions. In the content analysis, this study did not consider the economic dimension. It is because quality of economic performance disclosure of different companies in Nigeria is similar. Listed companies in Nigeria are governed by the statutory requirements for the preparation of financial statements. To analyse the social and environmental disclosures of companies, the Global Reporting Initiative (GRI) guidelines were used as a framework. We adopted six major aspects of the social performance indicators namely, employment, occupational health and safety, employee training and education, customer health and safety, diversity and equal opportunity and six aspects of the environmental performance indicators, namely; water, energy, waste, biodiversity, environmental management system and emissions. To develop the SRI, the researchers identified and recorded 'occurrence' of disclosure of any of these aspects of sustainability as '1', while for non-disclosure, '0' is recorded. After checking the occurrence of disclosure, the quality and quantity of that disclosure identified were analysed. A disclosure is considered as qualitative if it is clearly explained and illustrated while quantitative disclosure relates to disclosures in monetary terms or actual quantities. Quality of disclosure is classified into four categories: qualitative and quantitative, qualitative and non-quantitative, non-qualitative but quantitative, and non-qualitative and non-quantitative. These four categories of disclosure quality were assigned different scores as shown in ***Table I*** below:

Table I:
Categories of Disclosure Quality

Quality (Extent) of Disclosure	*Quality Score*
Qualitative & quantitative disclosure	3
Qualitative but non-quantitative disclosure	2
Non-qualitative but quantitative disclosure	1
Non-qualitative and non-quantitative disclosure	0.5
Total Qualitative Score	**6.5**

Total quality score is the summation of all the quality scores in each aspect of disclosure. Total occurrence is the total number of the sustainability aspects disclosed. Sustainability Reporting Index was determined using the following formula:

$$\text{Sustainability Reporting Index (SRI)} = \frac{\text{Total Quality Score}}{\text{Total Occurrence}}$$

Corporate profitability is the independent variable in this study. Proxies used for profitability are return on equity and earnings per share. Return on equity is a measure of profitability based on the investments of the owners of the business. It is given by the formula: net profit (after interest, taxes and preference dividend) divided by shareholders' equity. Earnings per share (EPS) refer to a company's profit after deducting all expenses divided by the number of ordinary shares outstanding. These proxies are preferred in this research because the researchers believe they are more comprehensive in measuring profitability.

Data Analysis Techniques

In this study, correlation coefficient was used to x-ray the strength of the relationship between the dependent variable and the explanatory variables. Multiple regression analysis technique was used in carrying out the analysis. Justification for the use of multiple regression analysis is its relevance in investigating the predictive powers of the independent variables on the dependent variable. The analysis was guided by the specified regression model. The hypotheses were tested using the t-test statistic at 5% level of significance. The statistical package for social sciences SPSS v.23 was utilised in the data analysis.

Model Specification

To measure the link between firm profitability and corporate sustainability disclosure, a multiple regression model was adopted as shown below:

SRI = f(ROE, EPS)

This model can be written in explicit form as:

$SRI = a_0 + a_1 ROE + a_2 EPS + e_1$.

Where:

SRI = Sustainability Reporting Index
ROE = Return on Equity
EPS = Earnings per share
a_0 = Constant or intercept of the regression
a_1 and a_2 = Coefficients to be estimated
e_1 is = the error term capturing other explanatory variables not included in the model. The apriori expectations are that a_1ROE, and a_2EPS are all expected to have a direct positive relationship with SRI. Therefore, $a_1 > 0$, $a_2 > 0$

Empirical Results and Discussion

From the summary results on ***Table II*** above, the regression equation can be rewritten as:

SRI = 2.081 - 0.509 ROE + 0.017 EPS.

In *Table II* above, R- value shows a simple positive correlation of 41.3%. The R^2 - value of .171 implies that 17.1 % of the changes in SRI is explained by the variables in the model. This is supported by the adjusted R^2-value of 11.7%. The P- value of the overall regression is 0.055, showing that the overall regression is significant at 10%. The Durbin Watson statistic value of 1.596 approximates to 2, implying the absence of positive auto correlation.

Analysis of ***Table III*** using Pearson Correlation indicates that there is a significant negative correlation between SRI and ROE, given a coefficient of -0.304 with a P-value of 0.040. A positive but insignificant correlation between SRI and EPS is indicated by the correlation coefficient of 0.059and a P- value of 0.370.

Test of Hypotheses

Ho_1: There is no significant relationship between corporate sustainability reporting and returns on equity in Nigeria.

Decision Rule

The decision rule is to reject the null hypothesis if P- value of

Table II:

Summary Result of Regression Analysis

Variable	Coefficient	T-Statistic	Sig.
SRI (constant)	2.081	45.051	.000
ROE	-0.509	-2.499	.018
EPS	0.017	1.712	.097
R	.413	F-Statistic	3.187
R-Squared	.171	Sig. (p- value)	.055
Adjusted R-squared	.117	Durbin- Watson stat.	1.596

Source: *(SPSS v. 23 output)*

Table III:

Correlation of Variables

		SRI	ROE	EPS
SRI Correlation	PEARSON	1.000	-0.304	.059
	Sig(1-tailed)		0.040**	0.370
	N	34	34	34
ROE Correlation	PEARSON	-0.304	1.000	0.566
	Sig(1-tailed)	.040**		0.000
	N	34	34	34
EPS Correlation	PEARSON	0.059	0.566	1.000
	Sig(1-tailed)	0.370	0.000	
	N	34	34	34

** Correlation is significant at 5%

Table IV:

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.413[a]	.171	.117	.2337902	1.596

a. Predictors: (Constant), EPS, ROE
b. Dependent Variable: SRI

Table V:

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.348	2	.174	3.187	.055[b]
	Residual	1.694	31	.055		
	Total	2.043	33			

a. Dependent Variable: SRI
b. Predictors: (Constant), EPS, ROE

Table VI:
Coefficients[a]

Model		Unstandardised Coefficients		Standardised Coefficients			95.0% Confidence Interval for B	
		B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound
	(Constant)	2.081	.046		45.051	.000	1.987	2.176
	ROE	-.509	.204	-.496	-2.499	.018	-.925	-.094
1	EPS	.017	.010	.340	1.712	.097	-.003	.038

a. Dependent Variable: SRI

the t-statistic is greater than 5% alpha level.

From ***Table VI*** above, t-statistic test of the relationship between sustainability reporting index (SRI) and returns on equity (ROE) shows that the P- value of the t-statistic (0.018) is less than (0.05) alpha level. We therefore reject the null hypothesis and conclude that there exists a significant relationship between sustainability reporting and return on equity. The regression coefficient of -0.509 implies a negative relationship between SRI and ROE.

Ho_2: There is no significant relationship between corporate sustainability reporting and earnings per share among quoted companies in Nigeria.

From ***Table VI*** above, the p- value of the t-statistic test of the regression between sustainability reporting Index and Earnings per share shows that the P- value of the t-statistic (0.097) is greater than (0.05) alpha level. We therefore accept the null hypothesis and conclude that no significant relationship exists between SRI and EPS. The regression coefficient of 0.017 implies a weak positive relationship though not significant at (P = 0.05).

Conclusion and Recommendations

Consistent with Aggarwal (2013) and Makori & Jagongo (2013), our result indicates a significant negative relationship between corporate sustainability reporting and returns on equity. Interestingly, the negative relationship may suggest that sustainable development practices attract additional expenses. These additional expenses may be incurred on sustainable business practices such as initiatives on reducing greenhouse gas emissions, energy saving practices, biodiversity preservation, environmental impacts mitigation strategies, employee and customer health and safety strategies, recycling, employee training and education, non-polluting technologies and community support programmes. These additional costs by corporate firms in the pursuit of social and environmental sustainability may erode profitability of sustainability sensitive firms in comparison with less sustainability sensitive entities who may be enjoying high profits and returns at the expense of society and the environment. Our finding is also in line with Murray (2010) who asserts that the practice of sustainable development by firms has been criticised to signal reduction in future earnings and erosion of investor's short-term returns. The finding is however inconsistent with earlier studies by Preston & O'Bannon (1997) and Tsoutsoura (2004) who found a positive relationship between social index and returns on equity.

Our study also revealed that no significant relationship exists between sustainability reporting and earnings per share leading to the conclusion that earnings per share, do not significantly influence corporate sustainability reporting. This result disagrees with the findings by Makori & Jagongo (2013) who reported a significant negative relationship between environmental reporting and earning per share.

This paper observed that sustainability reporting in Nigeria is still developing and aspects of sustainability covered are not comprehensive as more of social aspects of sustainability are disclosed by corporate firms than the environmental aspects.

Finally, we recommend that sustainability reporting which is hitherto, a voluntary practice in Nigeria, be made compulsory through legislation to encourage more sustainability performance disclosures by corporate entities. This recommendation stems from the reported negative relationship between sustainability reporting and profitability which may discourage firms from adopting sustainability practices and disclosures. The government should grant tax credits and other financial incentives to corporate organisations that engage in sustainability practices as a way of encouraging them.

Corporate organisations should endeavour to be more socially and environmentally responsible by engaging in sustainable development practices in the interest of the present and future stakeholders.

Local communities where these companies operate, non-governmental organisations and other groups of stakeholders must demand sustainability reports to meet their information needs as this will help them hold the companies accountable for not just their economic performance but also their social and environmental performance.

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Appendix:

Data for 34 Selected Firms Used in the Study

S/N	COMPANY	SRI	EPS	ROE
1	OKOMU OIL PALM	2.2136	4.6120	0.1449
2	PRESCO PLC	1.7229	2.3060	0.1697
3	FIRST ALUMINIUM NIG.	2.2967	-0.1080	-0.0470
4	TRANSCORP HOTEL	2.0400	0.0560	0.0751
5	CAPITAL HOTELS	2.1000	0.2416	0.1135
6	UNILEVER NIG.	1.8572	1.1200	0.4191
7	CADBURY NIG. PLC	1.7386	1.1820	0.1707
8	NIG. BREWERIES	1.7171	5.2500	0.3497
9	DANGOTE SUGAR R.	1.8371	0.9320	0.2136
10	NASCON ALLIED I.	1.9167	0.8720	0.3555
11	NESTLE NIG. PLC	2.2273	26.7120	0.6251
12	ACCESS BANK PLC	2.2661	1.5240	0.1285
13	FIRST BANK	2.2464	1.5760	0.1391
14	GTB	1.9528	2.8200	0.2480
15	ZENITH BANK PLC	2.1513	2.2520	0.1722
16	UNION BANK OF NIG.	2.5175	-2.1100	-0.0467
17	UNITED BANK FOR AFRICA	2.2348	1.3700	0.1221
18	FCMB GROUP PLC	2.3167	0.4660	0.0208
19	FIDELITY BANK PLC	2.2745	0.4100	0.0714
20	PHARMA DEKO	1.6500	2.2020	0.2897
21	GLAXOSMITH KLIN	2.1795	2.2600	0.2037
22	E-TRANSACT INTE	1.5667	0.0730	0.0990
23	COMPUTER WAREHO	2.0333	0.2860	-0.0399
24	JULIUS BERGER NIG.	2.0986	4.2920	0.3609
25	LAFARGE AFRICA	2.3500	5.3422	0.1738
26	DANGOTE CEMENT	2.1294	10.5700	0.3447
27	C & I LEASING	1.9567	0.1520	0.0476
28	AIRLINE SERVICE	2.3400	0.3600	0.0820
29	A.G. LEVENTIS	2.2500	0.3280	0.0869
30	OANDO PLC	2.3470	-2.0420	-0.9439
31	MRS OIL NIG. PLC	1.9024	2.8020	0.0408
32	FORTE OIL PLC	2.1133	-0.5620	-0.1215
33	CAVERTON OFFSHORE	1.6000	0.2960	0.0874
34	ETERNA PLC	1.7857	0.8240	0.1435

Source: *Annual Reports from NSE & Individual Company's Websites, (2011-2015).*

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA

DIRECTORY OF DISTRICT SOCIETIES/ CHAPTERS CHAIRMEN & SECRETARIES

AS AT NOVEMBER 01, 2017

DISTRICT SOCIETIES

S/N	*NAMES*	*CHAIRMEN*	*SECRETARIES*
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S/N	*NAMES*	*CHAIRMEN*	*SECRETARIES*
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The Effect of Social Responsibility Reporting on Corporate Performance in Nigeria

By EDIKE EMEKE SUNDAY and OTUYA SUNDAY

The broad objective of this study was to empirically examine the relationship between corporate performance and social responsibility disclosures. The specific objectives were to examine the effects of disclosures in form of monetary gifts and donations and community development activities (COMMDEV), Conformity to environmental and other governmental policies (CSREPL) and employee welfare and training (CSREWT) on corporate performance. The measures of corporate performance used in the study were Share Price (SP), Return on Equity (ROE) and Growth. The panel research design was used for the study. The fixed, random and pooled effect estimations were used in conducting the regressions. We find empirical evidence that corporate social responsibility disclosures have a significant effect on a company's Return on Equity, Share Price and on a company's firm growth. The recommendation is that since CSR dimensions exert positive influence on firm's performance, managers need to be careful in choosing appropriate CSR tasks since those dimensions need to be compatible with firm's overall strategy. In addition, not all forms of CSR disclosure are relevant in influencing corporate performance.

Keywords: *Social Responsibility Reporting; Corporate Performance; Share Price; Return on Equity; Growth.*

1.1 Statement of the Problem

The need to reconfigure corporate performance indices to include societal and environmental concerns as part of the overall objective of business is one of the challenges facing corporations today. Social Responsibility Reporting (SRR) is strategic framework which can be used for an all-inclusive assessment of corporate performance. Previously, less attention and minimum importance were accorded corporate social responsibility in the goals of business corporations. However, since the early 1990s, SRR has become a key issue due to the global responsiveness that the topic has attracted. A key element approach to assessing a company's social and environmental responsibility conduct is through the examination of the its social responsibility reporting.

The Commission of the European Communities (2001) defines Corporate Social Responsibility (CSR) as the integration of social and environmental concerns by firms in their operational activities and in their dealings with their stakeholders on a voluntary basis. Elkington (1997) views SRR as a public relations vehicle adopted by the reporting entity designed to offer re-assurance and to help with image building. It is believed that when a company engages in social responsibility reporting it presents a balanced reportage of its activities and impacts and provides a basis for stakeholders to evaluate its performance. It suffices to note that social responsibility reporting is seen to have developed rather voluntarily in the recent past and this implies that companies can chose what to disclose and may even decide not to. In the view of Otuya (2014), SRR provides the platform by which an enterprise interconnects the social and environmental effects of its actions to certain interest groups within society and to the public at large. Companies through the course of such communication may seek to influence the public's sensitivity towards their operations.

The International Financial Reporting Standards (IFRS) has been adopted and implemented in a number of countries across the world. In spite of this however, studies such as (Ball, 2006; Nobes, 2006; Bradshaw & Miller, 2008; Holthausen, 2009; and Kvall & Nobes, 2010) have revealed that the compliance with IFRS social and environmental requirements still vary across countries as a result of differences in the national regulations on environmental disclosures. There is also the question of uniformity in compliance among firms reporting practices because compliance to corporate social reporting standards in IFRS's is not mandatory.

Research attention (Sharfman & Fernando, 2008; Roberts, 1992 and Mgbame, 2012) in this respect has remained concentrated largely on the factors and reasons companies engage in social responsibility reporting voluntarily. This is one angle that this study will investigate. In effect, social responsibility reporting has evolved from being regarded as detrimental to a company's profitability, to being considered as somehow benefiting the company as a whole, at least in the long run. Specifically, social responsibility reporting may signal to the market that the firm is social and environmentally responsible and may create goodwill for the firm leading to positive effects for firm financial performance.

Though several studies (Preston & O'Bannon, 1997; Stanwick & Stanwick, 1998; Ingram & Frazier, 2000; Waddock & Graves, 1997; and McWilliams & Siegel, 2001) have been done to investigate the relationship in developed economies, the evidence for developing economies like Nigeria seems to be largely anecdotal and where empirically examined, such studies have not been adequate.

SRR practices tend to follow the pattern of free-market individualism with little or no effective regulation. This is exemplified by the fact that companies report what they consider necessary due to the discretionary or voluntary nature of SRR. In essence, corporations are able to exert a great deal of influence and control over disclosure of social and environmental information. A number of studies have been carried out on determinants and effects of social responsibility reporting on corporate performance. However, the research evidence in this respect has been unconvincing and the effect of certain company variables has been vacillating giving an indication that more studies have to be conducted to clear the unresolved issues in the literature.

Furthermore, the link between SRR and firms financial performance is complex. The results in the literature did not clear cut results. For example, Preston and O'Bannon (1997), Stanwick and Stanwick (1998), Mgbame (2012) provide evidence of a positive link between SRR and financial performance. On the other hand, studies by Ingram and Frazier (2000) and Waddock and Graves (1997) show an inverse connection between SRR and financial performance. McWilliams and Siegel (2001) also have an inconclusive result on the relationship between SRR and firms performance. Suffice to add that, in spite of the avalanche of empirical investigation in this area, less attention has been paid to developing countries like Nigeria. There are reported cases of social and environmental problems in the Niger Delta area of Nigeria. Big multinationals operating in the area are constantly facing community disturbances and restiveness on account of lack of basic infrastructures, community development, employment and security. The study findings are an important contribution in this regards.

1.2 Research Questions

The study provides answers to the following research questions:

(i) To what extent does Corporate Social Responsibility Reporting influence Return on Equity in Nigeria?
(ii) What effect does Corporate Social Responsibility Reporting have on a company's Growth in Nigeria?
(iii) What is the relationship between Corporate Social Responsibility Reporting and Share Price of quoted companies in Nigeria?

1.3 Objectives of the Study

The broad objective of the study is to examine the effect of Social Responsibility Reporting on Corporate Performance of companies in Nigeria. Specifically, the study seeks to:

i. Examine to what extent Corporate Social Responsibility Reporting influences Return on Equity in Nigeria?
ii. Find out how Corporate Social Responsibility Reporting affects company's Growth in Nigeria?
iii. Examine the relationship between Corporate Social Responsibility Reporting and Share Price of quoted companies in Nigeria.

1.4 Research Hypotheses

The following null hypotheses have been specified to guide the direction of the study:

Ho_1: Corporate Social Responsibility reporting has no significant effect on Return on Equity in Nigeria.

Ho_2: Corporate Social Responsibility has no significant impact on Company's Growth in Nigeria.

Ho_3: Corporate Social Responsibility has no significant effect on Share Price in Nigeria.

2.0 Literature Review

2.1 Conceptual Framework

Social Responsibility Reporting (SRR) is not a new concept. However, the subject of SRR remains an evolving and subtle notion for academics and a challenging issue for corporate managers and their stakeholders due to the variety of divergent definitions.

The definition of the term Social Responsibility Reporting may depend on individual perceptions of responsibility/obligation that in turn address the broader topic of the role of the organisation in society. Suffice to state that the concept of Social Responsibility Reporting encompasses many dimension of business activity ranging from the social to economic and to the environmental (Otuya, 2014).

Carroll (1979) gave one of the early definitions of Social Responsibility Reporting and stated that the social responsibility of business comprises the economic, legal, ethical and discretionary expectations of the society from an organisation at a given point in time. Frederick (1986) later claimed that the central idea of corporate social responsibility is that business corporation has an obligation to work for social betterment.

Social responsibility as a corporate concern has grown exponentially and has continued to elicit debate among contemporary corporate policy issues. A greater number of companies than at any time previous are engaged in a serious effort to define and integrate corporate social responsibility into all aspects of their corporate behaviour. Similarly, an increasing number of stakeholders are asking corporations to be socially and environmentally accountable for an ever-changing set of social responsibility issues. The wider society is increasingly demanding for transparency in the manner in which firms measure, report and continuously improve their social, environmental, and economic performance (Solomon & Solomon, 2006).

McWilliams and Siegel (2001) describe social responsibility as "actions that appear to further some social good, beyond the interest of the firm and that which is required by law." A point worth noticing is that corporate social responsibility is more than just following the law. Corporate Social Responsibility is seen, then, as a wide-ranging set of policies, practices, and programs that are integrated into business operations, supply chains, and decision-making processes throughout the company and usually include issues related to business ethics, community investment, environmental concerns, governance, human rights, the marketplace as well as the workplace.

2.2 Theoretical Framework

The review of theoretical literature indicates that legitimacy theory and stakeholder theory have been utilised by numerous researchers to explain how the social and environmental reporting practices of organisations respond to pressures exerted by particular communities or stakeholder groups.

2.2.1 Legitimacy Theory

Legitimacy theory provides a view that the interrelationship between an organisation and related social expectations is simply a fact of social life. According to this theory, the survival of an organisation is established both by market forces and community expectations, and hence an understanding of the broader concerns of society expressed in community expectations becomes a necessary precondition for an organisation's survival. The theory focuses on the assumption that an organisation must retain its social role by responding to society's needs and giving society what it wants. This assumption has been supported by some early studies such as those of Sethi (1974), Shocker and Sethi (1974), Freedman and Jaggi (2005) and Suchman (1995). According to Deegan (2002), corporate annual report disclosure is a tool for maintaining legitimacy and the greater the likelihood of adverse shifts in community expectations, the greater will be the need to attempt to influence the process through corporate environmental and social responsibility and reporting. Furthermore, Legitimacy theory directly relies upon the notion of the 'social contract' (Freedman & Jaggi, 2005 and Shocker & Sethi, 1974).

2.2.2 Stakeholders' Theory

The stakeholder theory suggests that stakeholders have intrinsic value in and of themselves and the company therefore has an obligation to uphold their rights and serve their interests simply because they exist (Donaldson & Preston, 1995). Freeman and Reed (1983) have identified stakeholders as 'those groups who have an interest in the actions of the corporation. In a follow-up study, Freeman (1984) revisited stakeholder theory and redefined stakeholders 'as any individual or group who has an interest in the firm because he/she can affect or is affected by the firm's activities.

2.3 Empirical Framework

Empirical research on the link between SRR and corporate performance has given a lot of diverse and heterogeneous results. In particular, there is a great variety in the sign of the relation studied (Dodd, 1993; Jarrell & Peltzman, 1985; Preston & O'Bannon, 1997; Waddock & Graves, 1997; Griffin & Mahon, 1997; McWilliams & Siegel, 2000 and Simpson & Kohers, 2002). The empirical study results on the link have never been in agreement, as some studies determined negative correlation, some determined positive correlation, while others determined no correlation at all. The viewpoint for positive correlation between SRR and corporate performance suggests that as a company's explicit costs are opposite of the hidden costs of stakeholders, therefore, this viewpoint is proposed from the perspectives of avoiding cost to major stakeholders and considering their satisfaction (Cornell & Shapiro, 1987). In addition, this theory further infers that commitment to CSR would result in increased costs to competitiveness and decrease the hidden costs of stakeholders. This argument is meaningful and reasonable, as good relationships with employees, suppliers, and customers are necessary for the survival of a company. Bowman and Haire (1975) pointed out that some shareholders regard CSR as a symbolic management skill, namely, CSR is a symbol of reputation, and the company reputation will be improved by actions to support the community, resulting in positive influence on sales. Therefore, when a company increases its costs by improving CSR in order to increase competitive advantages, such CSR activities can enhance company reputation, thus, in the long run corporate performance can be improved. The viewpoint for negative correlation between CSR and corporate performance suggests that the fulfillment of CSR will bring competitive disadvantages to the company (Aupperle, Carroll, & Hatfield, 1985) as the consequential costs may request other methods or need to bear other costs. When carrying out CSR activities, increased costs will result in little gain if measured in economic interests. When neglecting some stakeholders, such as employees or the environment, result in a lower corporate social performance for the enterprise, the financial performance may be improved. Hence, Waddock and Graves (1997) indicated that this theory was based on the assumption of negative correlation between corporate social responsibility and corporate performance. Some other studies suggested that CSR is not related to corporate performance at all. For example, Ullmann (1985) pointed out that there is no reason to anticipate the existence of any relationship between CSR and corporate performance as there are many variables in between the two. McWilliams and Siegel (2000) also proved that the relationship between CSR and corporate performance would disappear with introduction of more accurate variables, such as the R&D strength into the economic models.

3.0 Methodology

3.1 Data Presentation

The study adopted the panel design as against the cross-sectional or time series design often used which may be seen as a combination of both cross-sectional and time-series design properties. The panel design is a method of studying sample units periodically observed over a defined time frame. Within the social and management sciences, Panel design approach has enabled researchers to undertake longitudinal analyses in a large variety of fields thus enabling repeated observations of enough cross-sections.

3.2 Sampling Size and Sampling Technique

The population of the study is made up of all the companies listed on the Nigerian Stock Exchange. There are 304 companies listed on the Nigerian Stock Exchange as at 31 December, 2016 (NSE Market Report, January 9, 2017). The sample size for this study was based on Yamane's formula (1967).

Thus: $n = N/1 + N(e^2)$

Where: n = sample size

N = Population size

e = Level of significance desired.

Given that: N = 304 and e = 0.05, the sample therefore = $304/1 + 304(0.05^2)$ which gives a sample size of 172 firms. For the purpose of the study, the simple random sampling technique which is a type of probability sampling technique was utilised in selecting the sample size. Due do incomplete data, a total of 158 firms were therefore utilised for the study.

3.3 Method of Data Collection

Secondary data were used for the study. The secondary data were retrieved from financial statements and footnotes of the sampled companies. In the extraction of the data to be used for the analysis, majority of studies on corporate social responsibility disclosure especially in the emerging capital markets, use content analysis from annual reports. The use of content analysis method in the study was based on its popularity and suitability in measuring a company's CSR disclosure in audited annual reports (Adler, 1999). In line with Al-Tuwaijri, Christensen, and Hughes (2004) content analysis is utilised in extracting the data. Content analysis involves using quantitative disclosure measures with denoted weights for different CSR disclosure items. These are based on the perceived importance of each item to various user categories, which also marks the greatest weight '3' for quantitative disclosures, Marking the next highest weight '2' for non-quantitative but specific information related to these indicators. Lastly, common qualitative disclosures receive the lowest weight '1'. Firms that do not disclose any information for the given indicators receive a zero score.

3.4 Method of Data Analysis

The study made use of ordinary least squares regression analysis as the data analysis method. Gujarati (2003) suggests four critical assumptions that must be met before utilising the OLS regression. Firstly is the assumption of normality which requires that samples must be drawn from normally distributed populations and this will be examined using the Jacque-bera statistics. Second is the assumption of linearity of the model parameters. A numerical test of linearity (White, 1980) was also conducted. Thirdly, is the assumption of homoscedasticity which requires the variance or standard deviation of the dependent variable within the group to be equal and fourthly is the assumption of independence of error terms. Under this assumption the error terms are independent from one another and therefore no serial correlation exists. To test the homoscedasticity assumption, the auto regressive conditional heteroskedasticity (ARCH) test is utilised. Finally, to test for multicollinearity, this study applies correlation coefficient and variance inflation factors (VIF) tests. Given the above discussion, the various tests are conducted to test the data against the OLS assumptions.

3.5 Model Specification

In the definition of what constitutes corporate social responsibility disclosure, the study builds on the findings by Owolabi (2010). In line with the findings of Owolabi (2010) about the nature and extent of what constitutes corporate social responsibility disclosure in amongst Nigerian companies we therefore specify the model for the study;

Model 1:

This model examines the implications of corporate social responsibility (CSR) disclosure with regard to firm performance. Thus the specification is;

$$COP = F\ (CSR) \text{ ----------------------------- } (1)$$

$$COP = \beta_0 + \beta_1\ CSR + \mu \text{ ----------------------------- } (2)$$

However, the model is re-specified to examine the effect of selected variants of CSR activities often reported in financial statements on specific corporate performance indices;

$$ROE = \beta_0 + \beta_1 CSRH + \beta_2 CSRED + \beta_3 CSRCD + \mu \text{ ---------------- } (1)$$

$$GROWTH = \beta_0 + \beta_4 CSRH + \beta_5 CSRED + \beta_6 CSRCD + \mu \text{ --------- } (2)$$

$$SP = \beta_0 + \beta_7 CSRH + \beta_8 CSRED + \beta_9 CSRCD + \mu \text{ ---------------- } (3)$$

Where COP = corporate performance; CSR = Corporate social responsibility (CSR); ROE = Return on equity; GROWTH = Change in total assets; SP = Share prices; CSREWT = Corporate social responsibility disclosure on employee welfare and training; COMMDEV = Corporate social responsibility in form of monetary gifts and donationsand community development activities;

Operationalisation of Variables

Variable	*Measurement*	*Source*
Return on Equity	ROE is equal to a fiscal year's net income (after preferred stock dividends but before common stock dividends) divided by total equity (excluding preferred shares), expressed as a percentage.	Financial statements
Growth	Change in total assets	Financial statements
Share Price	Average of monthly closing Stock price listing on the floor of the stock exchange	Financial statements
Corporate Social Responsibility	CSREWT = Corporate social responsibility disclosure on employee welfare and training COMMDEV = Corporate social responsibility in form of monetary gifts and donations and community development activities. CSREPL = Corporate social responsibility disclosure in the form of Conformity to environmental and other governmental policies.	Financial statements

CSREPL = Corporate social responsibility disclosure in the form of Conformity to environmental and other governmental policies.

4.0 Empirical Results

Table I presents the result for the descriptive statistics for the variables. As observed, ROE has a mean value of 16.404. The maximum, minimum and median values stood at 290.47, -650.12 and 12.8 respectively. The standard deviation is 55.781 while the Jacque-Bera statistic of 193023.7 alongside its p-value (p=0.00<0.05) indicates that the data satisfies normality and as well as the unlikelihood of outliers in the series. Growth measured as change in total assets has a mean value of 14.119 and a standard deviation of 33.776. The maximum, minimum and median values are 14.119, -80.29 and 7.195 respectively. The Jacque-Bera statistic of 85319.25 alongside its p-value (p=0.00<0.05) indicates that the data satisfies normality. Share price has a mean value of 19.629 and a standard deviation of 36.776. The maximum, minimum and median values stood at 290.47, -8.9 and 7.23 respectively. The Jacque-Bera statistic of 7241.559 alongside its p-value (p=0.00<0.05) indicates that the data satisfies normality. The mean for corporate social responsibility disclosure in form of monetary gifts and donations and community development activities (COMMDEV) is 9689226. The standard deviation of 7241.559 is large and suggests that the spread of COMMDEV is unlikely to exhibit considerable clustering around the sample average. The maximum, minimum and median values are 3.65E+08, 0 and 101200 respectively. The Jacque-Bera statistic of 76608.31 alongside its p-value (p=0.00<0.05) indicates that the data satisfies normality. As observed, corporate social responsibility disclosure in the form of Conformity to environmental and other governmental policies (CSREPL) has a mean value of 0.633 which suggest that about 63.3% of the companies in our sample make disclosures with regards to conformity with environmental/governmental policies. The standard deviation is 0.483 while the Jacque-Bera statistic of 68.188 alongside its p-value (p=0.00<0.05) indicates

Table I:

Empirical Results

	ROE	GROWTH	SP	COMMDEV	CSREWT	CSREPL
Mean	16.404	14.119	19.629	9689226	0.633	0.6175
Median	12.8	7.195	7.23	1012000	1	0
Maximum	290.47	380.6	290.47	3.65E+08	1	1
Minimum	-658.12	-80.29	-8.9	0	0	0
Std. Dev.	55.781	33.776	36.774	33566985	0.483	0.924
Jarque-Bera	193023.7	85319.25	7241.599	76608.31	68.188	74.348
Probability	0.00	0.00	0.00	0.00	0.00	0.00
Observations	158	158	158	158	158	158

Table 2:
Pearson Correlation Result

	ROE	GROWTH	SP	COMMDEV	CSREWT	CSREPL
ROE	1	0.041	0.017	0.009	0.053	-0.103
GROWTH		1	0.017	0.040	0.028	0.147
SP			1	-0.046	0.022	0.075
COMMDEV				1	0.172	0.018
DISCL					1	-0.127
CSREPL						1

Table 3:
Regression Assumptions Test

	Model 1	Model 2	Model 3
Variance Inflation Test			
COMMDEV	1.481	1.140	2.856
CSREPL	5.336	1.703	8.56
CSREWT	9.434	1.72	2.762
Breusch-Godfrey Serial Correlation LM Test			
P(f-stat)	0.221	0.219	0.322
Heteroskedasticity Test: Breusch-Pagan-Godfrey			
P(f-stat)	0.724	0.715	0.404
Ramsey Reset Test			
P(f-stat)	0.589	0.387	0.342

Source: *Researcher's Computation 2017*

that the data satisfies normality and as well as the unlikelihood of outliers in the series. We also observed that about 61.75% of our sample engages in corporate social responsibility disclosure on employee welfare and training (CSREPL) as indicated by the mean of 0.6175 with a standard deviation of 0.924. The Jacque-Bera statistic of 74.348 alongside its p-value (p=0.00<0.05) indicates that the data satisfies normality. The Jacque-Bera statistic of 8.474 alongside its p-value (p=0.00<0.05) indicates that the data satisfies normality and the presence of outliers are unlikely.

From ***Table 2*** above, the correlation coefficients of the variables are examined. GROWTH is observe to correlate positively with ROE (r=0.041) and SHARE PRICE (SP) (r=0.017). ROE appears to also correlate positively with COMMDEV (r=-0.009), CSREWT (r=0.053) and negatively with CSREPL (r=-103). Growth is observed to be positively correlated with SP (r=0.017), COMMDEV(r=0.040) and CSREWT (r=0.028). We also find that a positive correlation exist between CSREPL and GROWTH (r=0.147). SP is observed to be negatively correlated with COMMDEV (-0.046), positively correlated with EGPL (r=0.022), CSREPL (r=0.075). COMMDEV is seen to correlate positively with CSREWT (r=0.172) and CSREPL (r=0.018) From the evaluation of the correlation coefficients, we find that none of the variables exhibits any evidence of strong collinearity and as such the challenge of multicollinearity may be unlikely when conducting the regression analysis.

Table 3 shows the regression assumptions test for models 1-3. As observed, the variance inflation factor (VIF) shows how much of the variance of a coefficient estimate of a regressor has been inflated due to collinearity with the other regressors. Basically, VIFs above 10 are seen as a cause of concern. As shown in the table, none of the variables appear to have VIF's values exceeding 10 and hence none is dropped from the regression model. The performance of the Ramsey RESET test showed high probability values that were greater than 0.05, meaning that there was no significant evidence of miss-specification. The Breusch-pagan-Godfrey test for heteroscedasticity was performed on the residuals and the results showed probabilities less than 0.05 for model 3 which suggest the presence of heteroscedasticity in the residuals. As explained earlier, one appropriate method

Table 4:

Return on Equity and Corporate Social Responsibility Disclosure (Model 1)

POOLED OLS			PANEL OLS (RANDOM EFFECTS)		PANEL OLS (FIXED EFFECTS)	
Variable	**Coefficient**	**Prob.**	**Coefficient**	**Prob.**	**Coefficient**	**Prob.**
C	17.328	0.018	20.138	0.000*	21.300	0.000*
COMMDEV	7.41E-10	0.995	9.39E-09	0.925	-4.32E-08	0.000*
CSREPL	-0.007	0.948	0.052	0.991	-0.075	0.945
CSREWT	3.108	0.694	-2.777	0.453	-3.910	0.025*
R^2	0.05		0.21		0.876	
ADJ R^2	0.04		0.17		0.832	
F-Stat	3.258		0.195		20.38	
P(f-stat)	0.012		0.899		0.000	
D.W	2.039		2.28		2.25	
Hausman test	**0.00**					

to treat heteroskedasticity is to adapt Robust Standard Errors that addresses the issue of errors that are not independent and identically distributed. In addition, we also utilise the Estimated General Least Squares in conducting the panel OLS. The Lagrange Multiplier (LM) test for serial correlation indicates that the probabilities (Prob. F, Prob. Chi-Square) were less than 0.05 for model 3 also suggesting the presence of serial correlation in the model. In correcting for serial correlation in the model we adopt the Cochrane Orcutt method which implies including an autoregressive (AR) terrn as part of the exogenous variables and re-estimating the model (Eviews, 7.0). However, in the case of panel data (with effects) where the inclusion of AR terms is not allowed, the EGLS (Estimated General Least Squares) is often applied. As Keele & Kelly (2006) notes given that the model do not include lags of the dependent variables, the GLS procedure will be effective in correcting for serial correlation. Both techniques (Cochrane Orcutt and the EGLS) were utilised in this study in controlling for the suspected serial correlation in the model.

4.1 Regression Results

Table 4 shows the result for Model 1 which examines the impact of Corporate Social Responsibility Disclosure on Return on Equity. As observed, The Panel OLS (Fixed effects) estimation shows an R^2 value of 0.876 which suggests an 87.6% explanatory ability of the model for the systematic variations in the dependent variable with an adjusted value of 0.832. The F-stat (20.38) and p-value (0.00) indicates that the hypothesis of a significant linear relationship between the dependent and independent variables cannot be rejected at 5% level. For an evaluation of the effects of the explanatory variables on Return on Equity, we examine their slope coefficients. As observed, the mean for corporate social responsibility disclosure in form of monetary gifts and donations and community development activities (COMMDEV) appeared negative (4.32E-08) and significant at 5% (p=0.00). Corporate social responsibility disclosure in the form of Conformity to environmental and other governmental policies (CSREPL) also appeared negative (-0.075) and not significant at 5% (p=0.945). The effect of Corporate social responsibility disclosure on employee welfare and training (CSREWT) appeared negative (-3.910) and statistically insignificant at 5% (p=0.025). The D.W statistics of 2.25 indicates the absence of serial correlation of the residuals in the model. The pooled (stacked) OLS estimates have an R^2 value of 0.05 with an adjusted value of 0.04. The F-stat (3.258) and p-value (0.012) indicates that the hypothesis of a significant linear relationship between the dependent and independent variables cannot be rejected at 5% level. An evaluation of the effects of the explanatory variables reveals that none of the measures of corporate social responsibility disclosure appeared significant at 5% level though corporate social responsibility disclosure in form of monetary gifts and donations and community development activities (COMMDEV) and Corporate social responsibility disclosure on employee welfare and training (CSREWT) appeared positive while Corporate social responsibility disclosure in the form of Conformity to environmental and other governmental policies (CSREPL) appeared negative. The D.W statistics of 2.039 indicates the absence of serial correlation of the residuals in the model. When we use the Random effects panel data estimation, we find that none of the variables appeared significant. The R^2 value is 0.21 with an adjusted value of 0.17 respectively while the F-stat (0.195) and p-value (0.899) indicates that the hypothesis of a significant linear relationship between the dependent and independent variables may be rejected at 5% level. The D.W statistics of 2.13 indicates the absence of serial correlation of

Table 5:

Firm Growth and Corporate Social Responsibility Disclosure (Model 2)

PANEL EGLS (FIXED EFFECTS)		PANEL OLS (RANDOM EFFECTS)			POOLED OLS	
Variable	**Coefficient**	**Prob.**	**Coefficient**	**Prob.**	**Coefficient**	**Prob.**
C	8.879	0.000*	7.460	0.000*	5.993	0.000*
COMMDEV	-5.02E-08	0.074**	2.89E-08	0.021*	4.17E-08	0.000*
CSREPL	5.0304	0.000*	3.249	0.00*	3.618	0.000*
CSREWT	0.904	0.422	4.3808	0.129	1.105	0.000*
R^2	0.65		0.021		0.56	
ADJ R^2	0.54		0.013		0.52	
F-Stat	5.57		2.34		1.55	
P(f-stat)	0.00		0.07		0.04	
D.W	2.39		1.54		1.9	
Hausman test	**0.00**					

the residuals in the model.

Table 5 shows the result for Model 2 which examines the impact of Corporate Social Responsibility Disclosure on Firm growth. As observed, The Panel EGLS (Fixed Effects) estimation shows an R^2 value of 0.65 which suggests that the model explains about 65% of the systematic variations in the dependent variable with an adjusted value of 0.54. The performance of corporate social responsibility disclosure measures reveals that corporate social responsibility disclosure in form of monetary gifts and donations and community development activities (COMMDEV) appeared negative (-5.59E-09) and significant at 10% (p=0.072). Corporate social responsibility disclosure in the form of Conformity to environmental and other governmental policies (CSREPL) appeared positive (5.0304) and significant at 5% (p=0.000). The effect of Corporate social responsibility disclosure on employee welfare and training (CSREWT) appeared positive (0.904) and statistically insignificant at 5% (p=0.422). The F-stat (5.57) and p-value (0.00) indicates that the hypothesis of a significant linear relationship between the dependent and independent variables cannot be rejected at 5% level. The D.W statistics of 2.39 indicates the absence of serial correlation of the residuals in the model. When we use the Random Effects panel data estimation, we find that corporate social responsibility disclosure in form of monetary gifts and donations and community development activities (COMMDEV) is positive (2.89E-08) and significant (p=0.021) at 5%. Corporate social responsibility disclosure in the form of Conformity to environmental and other governmental policies (CSREPL) also appeared positive (3.249) and significant at 5% (p=0.00). Corporate social responsibility disclosure on employee welfare and training (CSREPL) however appeared to be positive (4.3808) and insignificant (p=0.129) at 5%. The R^2 value is 0.021 an adjusted value of 0.013 respectively while the F-stat (2.34) and p-value (0.07) indicates that the hypothesis of a significant linear relationship between the dependent and independent variables cannot be rejected at 10% level. The D.W statistics of 1.5 indicates the absence of serial correlation of the residuals in the model. The pooled (stacked) OLS estimation displays an R^2 value of 0.56 with an adjusted value of 0.54. The F-stat (1.55) and p-value (0.04) indicates that the hypothesis of a significant linear relationship between the dependent and independent variables cannot be rejected at 5% level. An evaluation of the effects of the explanatory variables reveals that all of the measures of corporate social responsibility disclosure appeared significant at 5% level. The D.W statistics of 1.9 indicates the absence of serial correlation of the residuals in the model.

Table 6 shows the result for Model 3 which examines the impact of Corporate Social Responsibility Disclosure on Firm share prices. As observed, The Panel EGLS (Fixed Effects) estimation shows an R^2 value of 0.86 which suggests that the model explains about 86% of the systematic variations in the dependent variable with an adjusted value of 0.81 The performance of corporate social responsibility disclosure measures reveals that corporate social responsibility disclosure in form of monetary gifts and donations and community development activities (COMMDEV) appeared negative (-3.13E-07) and significant at 5% (p=0.000). Corporate social responsibility disclosure in the form of Conformity to environmental and other governmental policies (CSREPL) appeared positive (1.077) but not significant at 5% (p=0.299). The effect of Corporate social responsibility disclosure on employee welfare and training (CSREPL) appeared negative (-0.5680) and statistically insignificant at 5% (p=0.579). The F-stat (17.48) and p-value (0.00) indicates that the hypothesis of a significant linear relationship between the dependent and independent variables cannot be rejected at 5% level while the D. W statistics of 2.3 indicates the absence

Table 6:

Share Price and Corporate Social Responsibility Disclosure (Model 3)

PANEL EGLS (FIXED EFFECTS)		PANEL OLS (RANDOM EFFECTS)			POOLED OLS	
Variable	Coefficient	Prob.	Coefficient	Prob.	Coefficient	Prob.
C	23.312	0.000*	18.527	0.000*	14.823	0.000*
COMMDEV	-3.13E-07	0.000*	- 9.10E-10	0.000*	122E-07	0.000*
CSREPL	1.077	0.299	4.597	0.502	11.482	0.218
CSREWT	-0.568	0.579	1.896	0. 344	2.77	0.466
R^2	0.86		0.625		0.26	
ADJ R^2	0.81		0.616		0.25	
F-Stat	17.48		2.74		20.47	
P(f-stat)	0.00		0.04		0.00	
D.W	2.3		1.78		2.3	
Hausman test	**0.00**					

of serial correlation of the residuals in the model. When we use the Random effects panel data estimation, we find that corporate social responsibility disclosure in form of monetary gifts and donations and community development activities (COMMDEV) is negative (-9.10E-10) and significant (p=0.000) at 5%. Corporate social responsibility disclosure in the form of Conformity to environmental and other governmental policies (CSREPL) also appeared positive (4.597) but not significant at 5% (p=0.502). Corporate social responsibility disclosure on employee welfare and training (CSREWT) however appeared to be positive (4.3808) and insignificant (p=0.344) at 5%. The R^2 value is 0.625 with an adjusted value of 0.616 respectively while the F-stat (2.74) and p-value (0.04) indicates that the hypothesis of a significant linear relationship between the dependent and independent variables cannot be rejected at 10% level. The D.W statistics of 1.8 indicates the absence of serial correlation of the residuals in the model. The pooled (stacked) OLS estimation displays an R^2 value of 0.26 with an adjusted value of 0.25 The F-stat (20.47) and p-value (0.00) indicates that the hypothesis of a significant linear relationship between the dependent and independent variables cannot be rejected at 5% level. An evaluation of the effects of the explanatory variables reveals that of the measures of corporate social responsibility disclosure, we find that only corporate social responsibility disclosure in form of monetary gifts and donations and community development activities (COMMDEV) is significant (p=0.000) at 5%. The D.W statistics of 2.3 indicates the absence of serial correlation of the residuals in the model.

4.2 Discussion of Findings

In this study, we find that the relationship between CSR disclosures and corporate performance tend to vary with respect to the particular type of disclosure that is examined. This may suggest that not all disclosures are equally relevant in influencing corporate performance and the reasons for this are quite varied and may depend largely on how stakeholders interpret CSR disclosures especially for developing economies.

Interestingly, the study found that out of the three measures of Corporate social responsibility disclosure examined, Corporate social responsibility disclosure in the form of Conformity to environmental and other governmental policies (CSREPL) appeared to be significant in two of three measures of corporate performance examined i.e., ROE, and FIRM GROWTH while it appeared not significant using Share prices. Surprisingly, we find that corporate social responsibility disclosure in form of monetary gifts and donations and community development activities (COMMDEV) appeared significant in the share prices measure of corporate performance.

The direction of the relationship is also of importance to our discussion and hence we observe that the performance of corporate social responsibility disclosure in the form of Conformity to environmental and other governmental policies (EGPL) appeared to be positive when regressed on ROE and FIRM GROWTH. Disclosure in form of monetary gifts and donations and community development activities (COMMDEV) appeared negative when regressed on SHARE PRICE.

In line with our studies, especially on the negative effects of CSR on corporate performance measure, prior studies such as Friedman (1970), has found a negative relationship between CSR activities and financial performance as measured by, for example, stock price changes (Vance, 1975), excess return (Wright & Ferris, 1997), or analysts' earnings-per-share forecasts. Shane and Spicer (1983) also found a negative relationship between the level of social disclosures and economic returns. This is a direct contrast to Spicer's 1978 paper which found a significant positive relationship. This highlights the inconsistency of the results obtained by different studies. The explanation that Shane and Spicer (1983) provided for the negative results is that investors are put off by CSR.

4.3 Conclusion

Our work has tried to verify, whether certain corporate performance measures can be affected by a firm's social responsible behaviour. We have analysed some simple descriptive statistics and we have used cross section and panel data econometrical approaches, to verify whether corporate social responsibility disclosure could affect corporate performance measures. The study found that the impact of Corporate Social Responsibility Disclosure in form of monetary gifts and donations and community development activities (COMMDEV) on Return on equity to be negative

"Given that CSR dimensions exert positive influence on firm's performance, managers need to be careful in choosing appropriate CSR tasks since those dimensions need to be compatible with firm's overall strategy. Therefore, the question for managers is not simply to decide whether to invest in social responsibility, it is rather what form of social responsibility fit for a specific firm's strategy"

and not significant. Disclosure in the form of Conformity to environmental and other governmental policies (CSREPL) appeared positive and significant at 5% while Disclosure on employee welfare and training (CSREWT) appeared negative and statistically not significant at 5%. The study found the effect of Corporate Social Responsibility (CSR) Disclosure of monetary gifts and donations and community development activities (COMMDEV) on Firm growth to be negative and significant. The effect of corporate social responsibility disclosure in the form of Conformity to environmental and other governmental policies (CSREPL) appeared positive and significant at 5%. The effect of corporate social responsibility disclosure on employee welfare and training (CSREPL) appeared positive and statistically not significant at 5%.

The study found the effect of Corporate Social Responsibility Disclosure in form of monetary gifts and donations and community development activities (COMMDEV) on share price to be negative and significant at 5%. Corporate social responsibility disclosure in the form of Conformity to environmental and other governmental policies (CSREPL) appeared positive but not significant at 5%. The effect of corporate social responsibility disclosure on employee welfare and training (CSREPL) appeared negative and statistically insignificant at 5% The study found the effect of Corporate Social Responsibility Disclosure in the form of monetary gifts and donations and community development activities (COMMDEV) on firm Book value per share to be positive but not significant at 5%. Disclosure in the form of Conformity to environmental and other governmental policies (SCREPL) appeared negative and significant at 5%. The effect of disclosure on employee welfare and training (CSREWT) appeared negative and statistically insignificant at 5%.

4.4 Recommendations

Given that CSR dimensions exert positive influence on firm's performance, managers need to be careful in choosing appropriate CSR tasks since those dimensions need to be compatible with firm's overall strategy. Therefore, the question for managers is not simply to decide whether to invest in social responsibility, it is rather what form of social responsibility fit for a specific firm's strategy. In addition, not all forms of CSR disclosure are relevant in influencing corporate performance in this regards there is a need for firms to properly identify the type of CSR disclosures that the market responds favourably to. However, this does not suggest that the scope of CSR disclosures of company's should not be extended.

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Electronic Governance and Effective Public Administration in Nigeria

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The e-governance remains very critical and crucial in public administration effectiveness and efficiency. The success and survival of a state is contingent upon administrative as well as technological strategies and public efforts to achieve set goals. This paper aims at highlighting the impacts of e-governance on effective public administration in Nigeria. The paper adopts a qualitative approach and discusses the concepts of public administration, governance and electronic governance thereby creating a distinction among the various concepts. Furthermore, the understanding of the positive impact of e-governance on public administration activities through the various literary arguments and schools of thought, especially the theory of principal-agent have also been captured, the essence of which is to generate a clearer understanding of the discourse under review. The paper's findings revealed that e-governance applications have emerged rapidly, especially in the developing world. Many countries now use e-governance as an enabling tool to increase efficiency, enhance transparency, collect more revenue and facilitate public sector reform. Above all, it is revealed that e-governance remains a powerful enabling tool that has the capacity to help governments achieve some of their development and administrative reform goals. It is recommended from the foregoing that government should develop appropriate policy guidelines to enhance the adoption and implementation of e-governance in Nigeria.

Keywords: *Governance, Electronic Governance, Electronic Government, Information and Communication Technology (ICT), Public Administration.*

Introduction

There is a growing consensus among governments across the world of the need to revitalise public administration to facilitate customer-centered, cost-efficient, and user-friendly delivery of services to citizens and businesses, thereby improving the quality of governmental functions. More and more public administration emphasises how Information and Communication Technology (ICT) can be used to support transformational change in governmental functions globally to achieve efficiency and cost effective service delivery to citizens (Bhuiyan, 2011).

The potential for electronic government to transform public administration has been heralded at various points throughout the past half-century (Fatile, 2012). E-governance which is also conceived as the adoption of web-based technologies to deliver and conduct government services has become a global trend in public administration (Gasco, 2003). E-governance often comes with a promise to improve public administration in terms of efficiency; one of the primary values in public administration (Lee and Perry, 2002).

By the 1960s and the 1970s, as computers started to appear in government organisations, some public officials and commentators predicted that information technology would bring a revolution to public administration (Fatile, 2012). As increasingly sophisticated information and communication technologies (ICTs) spread across all organisations during the 1980s and 1990s, politicians jostled to claim credit for "information age movement". By the beginning of the twenty-first century, as use of internet became increasingly widespread, claims for the transformative power of ICTs became correspondingly enthusiastic (Margetts, 2005).

Assessment made by World Bank (2001) indicates that e-governance is in nascent stage of implementation in both developed and developing countries. Government departments in many developing countries publish information on web sites as a first step towards e-government. According to Schwester (2009), e-governance initially began as process where government entities developed websites and began populating these sites with information. Governance is defined as the way things get done, rather than just the things that are done (McClellan, 2011). According to the American Society for Public Administration (ASPA), e-Government is defined as: "the pragmatic use of the most innovative information and communication technologies, like the internet, to deliver efficient and cost-effective services, information and knowledge. It is an unequivocal commitment by decision-makers to strengthening the partnership between the private citizen and the public sector (Wong & Welch, 2004, p.292). In general ICT Governance emerged as an attempt of business to deal with the impacts of major software system failures on business (Gotterbarn, 2009). Although it was primarily a part of corporate governance which focused on information technology, many ICT professional organisations contributed to the process of developing standards. These organisations advocated that their members adhere to these standards.

Nigeria is facing a number of challenges in the introduction of e-Government. Challenges to Nigeria's e-governance efforts are well documented. One is the socio-economic inadequacies that exist in countries belonging to the Sub-Sahara region. Other identified challenges include, poor organisational skills, inadequate infrastructural support and poor or limited human capital resources (Ifinedo, 2005). Local e-governance initiatives have also been examined, but from a macro level where identification of policies and initiatives has occurred and the impacts measured using surveys (Ogbomo, 2009).

Conceptual Clarification

Public Administration

Administration is often discussed in the generic sense, and if one qualifies the term by the word 'public', it refers to the practice of administration in a particular segment of society (Adebayo, 1981). Public administration has to do with the *marshaling* of human and material resources in order to achieve the objectives of public policy (Balogun, 1983). In line with this description, Pfiffner (1935) conceives public administration as the coordination of individual and group efforts to carry out public policy and being mainly occupied in accordance with the daily work of government. Central to this argument is the view of Wilson (1887) that public administration is simply 'government in action'. In essence, the task of public administration is 'to straighten the paths of government, to make its business less un-business-like, to strengthen and purify its organisation, and to crown its duties with dutifulness'. Wilson (1989) broadly defines public administration as the machinery for implementing government policy and by extension; it is the study of the most efficient way of organising the executive branch of government, its institution and its procedures.

According to UNDP (2004), public administration refers to: (a) the *aggregate machinery* (policies, rules, procedures, systems, organisational structures, personnel, etc.) funded by the state budget and in charge of the management and direction of the affairs of the executive government, and its interaction with other stakeholders in the state, society and external environment. (b) the *management* and implementation of the whole set of government activities dealing with the implementation of laws, regulations and decisions of the government and the management related to the provision of public services.

Governance

Governance is conventionally conceptualised, as the process by which a political system achieves such values as accountability, participation, openness (or transparency) and respect for the rule of law and due bureaucratic process. It also includes, according to Boeninger (1992), the capacities of a system to exercise authority, win legitimacy, adjudicate conflicts as well as carry out programme implementation. In other words, the bottom line of governance is its ability to respond to the needs, aspirations and yearnings of majority of the citizenry. And once a political system is able to achieve these, it is referred to as responsive, accountable and effective governance.

Electronic Governance

Usually e-Government is defined as the usage of ICT to provide public services (therefore, it is closely related to an administrative management unit). For instance, digital technologies (remote network systems, internet and mobile technologies) are used to facilitate the process of decision-making for public institutions, improve public policy in local communities and transform relations with citizens, business and other public institutions. (Gatautis, 2008). E-governance refers to the use of information technologies (such as the Internet, the World Wide Web, and mobile computing) by government agencies that can transform their relationship with citizens, businesses, different areas of government, and other governments. These technologies help deliver government services to citizens, improve interactions with businesses and industries, and provide access to information (Moon, 2002). E-governance can also be defined as the use of emerging information and communication technologies to facilitate the processes of government and public administration (Drucker, 2001). This definition focuses on the use of ICT to assist in the administration or management of government. ICT governance is viewed as the responsibility of executives and the board of directors, and consists of the leadership, organisational structures and processes that ensure that the enterprise's ICT sustains and extends the organisation's strategies and objectives (ITGI, 2003).

Literature Review and Theoretical Framework

Origin and Comparative Meanings of e-Governance

The term e-governance is of recent origin and there is no commonly accepted definition. E-governance concept originated at the beginning of 21st century, mostly as a copy of e-commerce into public sector. All intentions were directed towards the presence of the public services on the Internet. The development of electronic public services enters in the new phase, which is mostly determined by reengineering of existing processes of public government, and public sector by its nature (based on information and communications) is ideal for international increase of efficiency and quality (Mario, *et al* 2009). The term was perhaps coined about a decade ago after the success of electronic commerce to represent a public sector equivalent of e-commerce. Definitions of e-governance abound. The definition of the concept of e-governance and its evolution in time has been the focus of a large body of research (Fang, 2002; Hu *et al.*, 2009). More or less restrictive definitions of e-governance have been given, but there is still no unique definition of the term (Yildiz, 2004). Nevertheless, it has been generally recognised that e-governance offers a huge potential to increase the impact of government activities for citizens (Fang, 2002). This shows that the interpretation of e-governance is quite broad and divergent.

There are many definitions of e-governance, and the term itself is not universally used. Definitions of e-governance range from 'the use of information technology to free movement of information to overcome the physical bounds of traditional paper and physical based systems' (Okot-Uma, 2004), to 'the use of technology to enhance the access to and delivery of government services to benefit citizens, business partners and employees' (Deloitte, 2003). The common theme behind these definitions is that e-governance involves the automation or computerisation of existing paper-based procedures that will prompt new styles of leadership, new ways of debating and deciding strategies, new ways of transacting business, new ways of listening to citizens and communities, and new ways of organising and delivering information (Okot-Uma, 2002).

According to UNESCO (2005), e-governance involves new styles of leadership, new ways of debating and deciding policy and investment, new ways of accessing education, new ways of listening to citizens and new ways of organising and delivering information and services**.** The idea is to move beyond the passive information-giving to active citizen involvement in the decision-making process through the use of information and communication technologies. This is believed to be the core or essential benefit that introduction and use of e-governance can bring to the society.

According to the Council of Europe, e-governance is about the use of information technology to raise the quality of the services governments deliver to citizens and businesses. The concept of electronic governance covers the use of electronic technologies in three main areas of public action:

- Relations between the public authorities and civil society;
- Functioning of the public authorities at all stages of the democratic process(electronic democracy); and
- Provision of public services (electronic public services).

Electronic Government versus Electronic Governance

Both Electronic Government and Electronic Governance received numerous definitions in the literature, none of them becoming an accepted standard. For example, (Organisation for Economic Cooperation and Development, 2003) introduced four definitions of Electronic Government: 1) Internet service delivery and other Internet-based activities by government; 2) all uses of ICT by government; 3) transforming public administration through the use of ICT; and 4) the use of ICT, particularly the Internet, as a tool to achieve a better government. Grönlund and Horan (2005) further mapped these definitions into a democratic model of society with interrelated spheres of the political system, administrative system and civil society and the four definitions of Electronic Government mapped into these spheres: definition 1 belongs to the intersection between the administrative system and the civil society, definition 2 belongs to the administrative system, definition 3 belongs to the intersections between the administrative and political systems and between the administrative system and the civil society, and definition 4 belongs to the intersection between all three spheres.

Objectives and Scope of E-Governance

The aim of e-governance is to allow the public to initiate a request for a particular government service without going to a government office or having direct contact with a government employee. The service is delivered through government websites (Brannen, 2001). E-governance comprises of an alignment of ICT infrastructures, institutional reform, business processes and service content towards provision of high-quality and value added services to the citizens and businesses. The primary aim of governance is to regulate and protect the state and its citizens. Wimmer and Traunmuller (2001) contend that the main objectives of e-governance should include the following: (1) Restructuring administrative functions and processes; (2) Reducing and overcoming barriers to coordination and cooperation within the public administration; and (3) The monitoring of government performance.

The scope of e-governance services extend from posting generally requested information on a website to providing and processing online requests such as electronic payment of taxes or other fees. The main rationale of e-governance initiatives is to put together services focused on citizens needs (Moon, 2002). E-governance involves novel forms of delivering and tailoring information and services, connecting communities and businesses locally and globally and reforming us towards digital democracy. E-governance offers flexible and convenient access to public information and services with the view of providing citizens an improved service (Moon, 2002).

In terms of scope, this covers the areas or sections which e-governance is sub-divided into. According to Ojo (2014) there are three broad scopes of e-governance, namely:

i. **E-Administration:** This is the application of ICT in the processes of government or the public sector organisation;
ii. **E-Services:** This is the use of the internet, the web and mobile technology to improve upon the delivery of government or public services; and
iii. **E-Democracy:** This is the application of ICTs in a view to enhancing greater involvement of citizens in the decision making processes of democratic institutions in the country.

The State of e-Governance in Nigeria

Though e-governance implementation in Nigeria varies from level to level of government as well as agency to agency, there was actually an attempt at providing a unified, national framework of ICT adoption in governance. According to Olatokun and Adebayo (2012), the federal government of Nigeria, in 2001, announced ICT as a policy of national importance. This further culminated in the creation of a policy on information technology in the same year.

The need for adopting ICT in governance, that is, e-governance, came as an awareness that no country or its government can function properly in the information or digital age without the use of the web and other mobile internet technologies. Seeing the importance of ICT in governance, the Nigerian Federal Government deemed it necessary for the country to have a national policy on ICT. Hence, in 2007, the enabling Act – the National Information Technology Development Act – was enacted by the National Assembly with an Agency established along with the Act, which was empowered to "plan, develop and promote the use of information technology in Nigeria" (Olatokun and Adebayo, 2012).

With the enabling act, various government agencies embarked on the implementation of ICTs in their operations. However, in 2011, the Federal Government created a new Ministry called the Ministry of Communications Technology which was saddled with the mandate of streamlining ICT development and progress in line with the nation's plan for e-governance (Omerie and Omeire, 2014).

In 2012, a National ICT draft policy was presented by the ministerial committee on ICT policy harmonisation which included several policy recommendations and reports. The following are the policy thrust of the National ICT draft policy of 2012, as it pertains to e-governance:

- To facilitate the implementation of e-government initiatives;
- To develop frameworks and guidelines, including interoperability and e-government framework for the enhanced development and use of ICT in the government;
- To develop and implement ICT training programs for public sector employees, in connection with introduction of e-government and other digital functions within government offices;
- To coordinate the integration of national e-government network infrastructure and services;
- To promote e-government and other e-services that would foster broadband usages (National ICT Policy, 2012).

The Nigerian legal framework covering the use of ICT in governance is not based on an integrated system but on various policies. They include: the Information Policy, which is supervised by the National Media Commission); the Telecommunications Policy, which is regulated by the National Communications Commission (NCC); and the ICT policy which is overseen by NITDA which stands for the National Information Technology Development Agency (Fraser-Moleketi and Senghor, 2011).

"E-Governance can play a significant role in corruption control and poverty reduction, and thus offers opportunities to cost effective service delivery to citizens which is a daunting task of modern public administration"

Theoretical Framework

Principal-Agent Theory

The paper uses principal-agent theory as a guide to analysis. Applied to the public sector, it focuses attention on problems of accountability and transparency created by asymmetric information flows between agents and principals (Lane, 2002; Laffont and Martimort, 2003), which leads to problems such as corruption and huge time and cost factor involved in service delivery. E-Governance has the advantage of empowering the principals who can either bypass agents by using IT based processes to help themselves or required to deal with principals empowered by improved knowledge of service delivery processes. These factors have the ability to transform the way public services are delivered and improve relationships between the public sector and citizens.

Methodology

This paper dwells on a review of the literature and it primarily provides an analysis of secondary sources. It involves an analysis of secondary data derived from the literature and policy reviews all of which forms the core of this paper. Further information for this paper was obtained mainly from academic journals, articles, books, reports, and materials available on the Internet. The focus was on literature review of published national and international information resources with special attention given to literature published by international organisations and national governments. Therefore, the aim of the paper was to cover, through literature review, major and most relevant papers and topics which would be regarded as sufficient for proper understanding of the topic being studied. Moreover, this paper attempts to answer to the following research questions:

a. What are the aims and scope of e-governance?
b. What is the current state of e-governance in Nigeria?
c. Does e-governance facilitate effective public administration?
d. What are the problems and challenges for the implementation of e-governance?

Empirical Review

E-governance applications have emerged rapidly in the developing world. Many countries use e-governance as an enabling tool to increase efficiency, enhance transparency, collect more revenue and facilitate public sector reform.

While e-governance is not a panacea that can improve the performance of the public sector, it is a powerful enabling tool that has aided governments achieves some of their development and administrative reform goals (Fatile, 2012). Although e-governance can be a catalyst for change, it has been argued that it is not a complete solution and it must be part of a broader commitment to reform the public sector (Bhatnagar, 2007). Three factors are critical for the successful implementation of e-government. These include willingness to reform, availability of information communications technology (ICT) infrastructure, and the institutional capacity to absorb and manage change.

E-Governance is regarded as an ICT-based tool for strengthening democracy and supporting development. Proponents of e-governance concept argue that e-governance, combined with democratic intent, can make governments more responsive, can connect with citizens to effectively meet public challenges, and ultimately, can build a more sustainable future for the benefit of the whole of society and the world in which we live.

The introduction of e-Government is justified if it enhances the capacity of public administration to increase the supply of much needed public value (World Public Sector Report, 2003). For instance, the use of electronic service delivery frees citizens to engage with public services at their own convenience, not just when government offices are open. The interactive aspects of e-Government allow both citizens and bureaucrats to send and receive information (West, 2004), a major transformational shift in public policy, processes and functions.

The potential of e-Government to improve transparency and control corruption in public administration has received overwhelming attention from practitioners and researchers in this field (for example, Cho & Choi, 2005; Khan, 2009; Kim, Kim, & Lee, 2009; Lenk, 2006; Pathak, Singh, Belwal, Naz, & Smith, 2008; Pathak, Naz, Rahman, Smith & Agarwal, 2009). Admittedly, transparency can be attained by providing citizens with more and direct access to governmental information, as increased transparency leads to decreased corruption.

Kimet *et al.*, (2009) has argued that e-Government reflects a "new face of government," and similarly, one that is transforming government-citizens interactions at all levels of government, and within and between governments around the globe (Morgeson & Mithas, 2009). An efficient and effective public administration is an essential precondition for economic and social development (Schuppan, 2009).

Heeks (1998) indicates that the level of corruption in the public sector sharply decreases in countries where e-Government exists. A recent report on Bangladesh found that due to computerisation of the Railway Reservation System, the number of black-marketers has decreased considerably (Kabir, 2008). In the same vein, a survey in India has revealed that, in the states where e-Government has been established even partially, the corruption rate has substantially dropped. The survey has found that due to implementation of e-governance in some public sectors, the corruption rate in the Indian cities Kolkata and Mumbai has declined to 19% and 18% compared to51% and 38% respectively in 2000 (Bhuiyan, 2010; Kabir, 2008). Many successful cases in developing countries demonstrate that the introduction of e-Government positively correlated to corruption control.

The benefits of e-governance come in different forms. Some relate to the provision of fast, inexpensive services to the population (Heeks, 2001) and for socioeconomic development and political reformations for developing countries (Ifinedo, 2004; Ifinedo & Uwadia, 2005). E-governance enables the citizenry to participate in the governance of their country (Moon, 2002). Nowhere is this benefit more relevant than in the developing countries, where governance excludes a majority of their populations by either commission or omission. Similarly, corrupt practices that are rampant in many developing countries, including SSA, could benefit from a purposeful e-governance initiative (Ifinedo & Uwadia, 2005). The potential benefits of e-governance that accrue from the use of IT according to Shatne (2001) and Symonds (2000) include: Reduced government spending and increased interest earning. Costs incurred by a government in providing services can be reduced by the use of the Internet, Reduction in the number of in person government contacts. Governments are under pressure to meet rising expectations for their service. With the use of the Internet more individuals are able to access the government's services without necessarily going to the government office or contacting by telephone. The use of the Internet will reduce the negative attitude individuals have toward government agencies because not many people enjoy interacting with their government, Delivery of government services from any place to citizens 24 hours a day, 7 days a week. Websites serve as convenient and cost effective platforms for centralised service provision. Businesses, residents, visitors, and intergovernmental agencies can easily access public information related to their specific needs by simply checking on different web links. E-governance can reduce or overcome barriers of coordination and cooperation within the Nigerian public administration (Fatile, 2012). Centralised databases and standards could become available to several government agencies. Interoperability between government agencies increase and duplication of services may decrease. A poor country like Nigeria could benefit from such cost effectiveness in governance when common standards and timely data resources are shared. The improved services may enhance decision making in governance. The ongoing PSNet project in Nigeria is clearly a step in the right direction.

In recent years, the world has witnessed the rapid growth and ever-increasing importance of information and communication technologies (ICT) (UN, 2011). ICT has become a dynamic, strategic and indispensable asset of an organisation in the achievement of its mission and goals. In UN's opinion, an effective ICT governance framework should include the following:

- A well-functioning ICT governance committee or equivalent, which should be composed of senior managers from all parts of the organisations and meet regularly, and whose functioning is reviewed periodically;
- Strong leadership over the ICT governance infrastructure by the executive management, preferably at the level of the deputy head of the organisations (recommendation 1);
- An appropriate Chief Information Officer (CIO) or equivalent in a senior-level post with overall responsibilities and authority and access to the executive management;

- A full-fledged corporate ICT strategy aligned to the organisations' business needs and priorities, and yielding true value of the ICT investment, which should be reviewed and updated periodically;
- A well-established mechanism to monitor the implementation of the ICT strategy; and
- Strengthened efforts to track ICT costs in the organisations and conduct post-implementation reviews of major ICT investments so as to facilitate strategic decision-making, cost-effectiveness, accountability and transparency.

Conclusion and Recommendations

This paper has looked at the role of e-governance in improving service delivery and quality in the context of a developing country like Nigeria. It is argued in this paper that e-governance has the potential to improve service delivery and citizens' satisfaction. The agenda for modernising public administration through e-governance is a contemporary phenomenon in many countries as this promises a people-centric, accountable, and transparent governance, and lessens transaction costs. From the experiences of other developing countries, Nigeria can learn a great deal. In order to achieve the articulated development goals of the current political administration, the government can begin to establish "Digital Nigerian Administration". No doubt, "Corruption" and "Poverty" are two powerful factors that seem to affect the lives of millions and have spillover effects on the quality of governance. It is suggested that e-governance can play a significant role in corruption control and poverty reduction, and thus offers opportunities to cost effective service delivery to citizens which is a daunting task of modern public administration. The experiences of other developing countries demonstrate the benefit of e-governance. Drawing upon lessons from global experience, it is recommended that Nigeria should develop the appropriate policy guidelines on the implementation of e-governance, so as to help combat corruption and reduce poverty. The Nigerian government must also build the economic capacity or the political will to carry out this task.

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Impact of Microfinance Credit Strategy on Economic Development in Nigeria

By FABINU, I.B. and MAKINDE, K.O.

Economic development is an important issue in the 21st Century. Many interventions have been proposed to make economies more productive. The attention of researchers has therefore being focused on microfinance institutions and their contributions towards economic development. The main objective of this paper is to sample the opinion of professional accountants on the contribution of Microfinance Institutions credit towards economic development in Nigeria. The study proposes some credit strategies to be adopted by MFIs for them to be able to contribute meaningfully to the development of the economy. The study used descriptive survey design. The population of the study comprises of accountants in Ogun State Nigeria, upon which they were classified into three sectors, viz, Accountants in the Public, Private and Industry sector. One hundred and eighty-four (184) of the population constituted the sample size selected through convenient sampling across each stratum. A combination of descriptive statistics and multiple regression analysis were used to analyse the data collected. The study revealed that credit subsidy by relevant arms of government (0.604) as an adopted credit strategy was found to be significant at 1% with a coefficient value of (3.455). This implies that credit subsidy as an adopted credit strategy influence the level of output of economically active individuals and SMEs. Thus, the more MFIs adoption of the use of credit subsidy as a credit strategy, the likelihood the effect of economy is being suppressed. Other significant parameters are Sourcing for external funds (0.127) significant at 1%, training on proper utilisation of credit facility (.035) significant at 10%. The implication of this is that as beneficiaries are trained on the utilisation of credit, the less likelihood would the effect of GDP growth be observed.

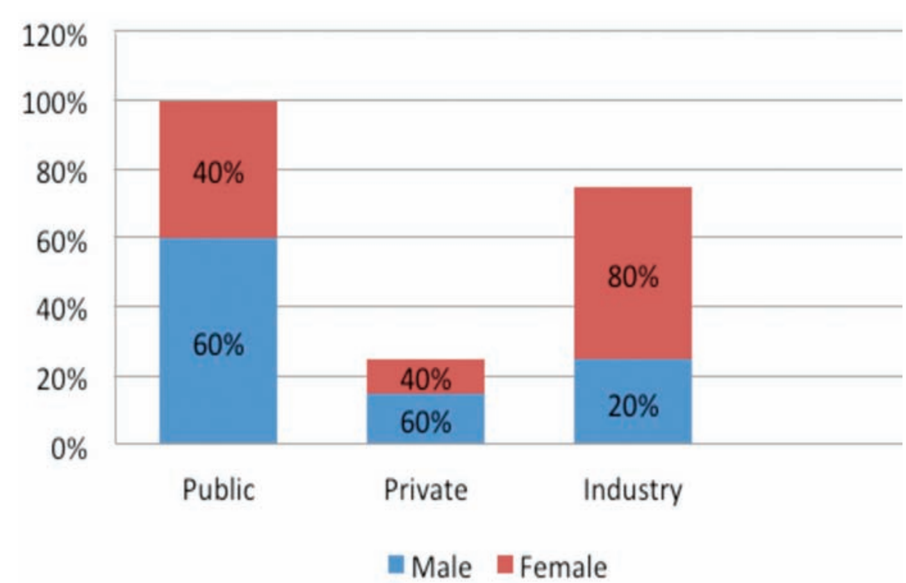
Keywords: *Microfinance Institutions, Credit Strategy, Economic Development, Professional Accountants.*

INTRODUCTION

The most important constraint that poor people face to come out of poverty is lack of access to credit to run their own businesses. The Millennium Development Goals (MDGs) document recognises microfinance as a powerful instrument to alleviate poverty and empower the poor. Peoples Bank of Nigeria (PBN) was commissioned in 1989 to provide loans to prospective entrepreneurs on soft terms and without stringent requirements of collaterals. As an adjunct to the Peoples Bank, Community Banks (now called microfinance bank) were licensed for 1990 for the provision of non-sophisticated and low interest loan to the members of their community to assist in their businesses and by extension improve the standard of living of the people (Okpara, 2010).

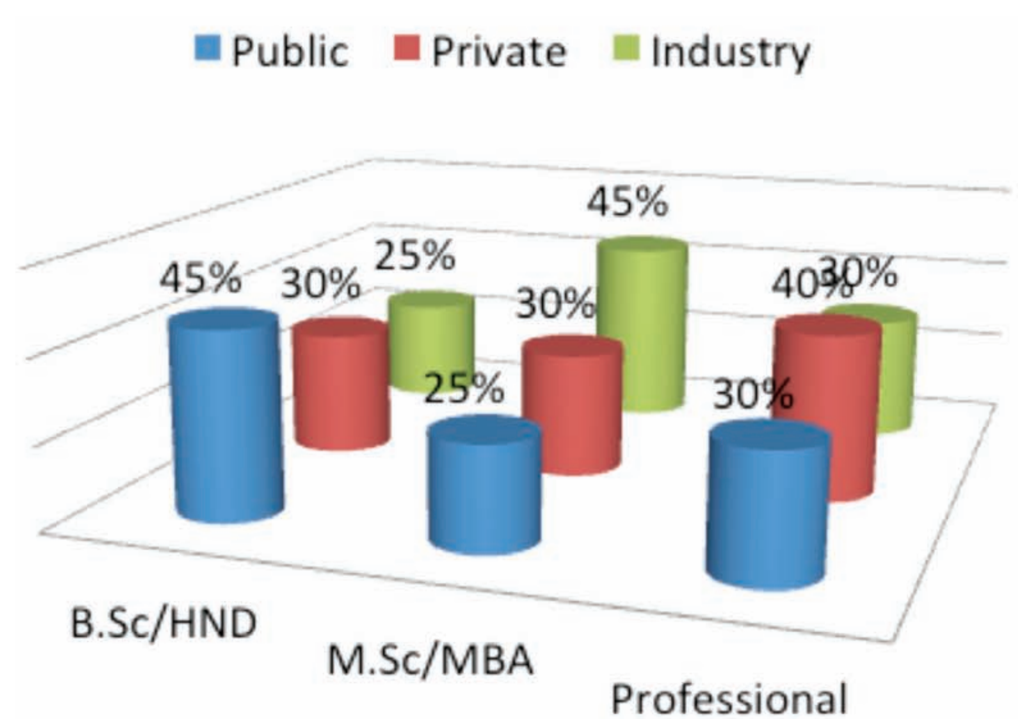
According to Olaitan (2001) and Akanji (2001), the tools of microfinance include increased provision of credit, increased provision of savings repositories and other financial services to low income earners or poor households. Similarly, United Nation Development Programme (2001) identified Microfinance as a major tool effective in alleviating poverty and economy. It empowers the financially disadvantaged ones. Morduch and Littlefield (2003) and Alegiemo and Attah (2005) considered microfinance as the financial empowerment of economically active poor through the provision of micro credit as well as other productive asset, it enhances the latent capacity of the poor for entrepreneurship, enabling them engage in economic activities, be self-reliant and also enhancing the household income as well as creating wealth. For the purpose of this study, emphasis will be placed on the perceptions of accountants as to whether or not Microfinance Institutions (MFI) credit facility can affect the development of an economy by strategically providing credit to relevant stakeholders. This paper therefore considers the concepts of credit strategy

Figure 1:
Distribution of Respondents According to Sex



Source: *Computed from Field Survey, 2017*

Figure 2:
Educational Qualification of the Respondents



Source: *Field Survey, 2017*

to proffer the basic principles for using the credit market, micro-credit Akanji, (2004 in Akanji, 2001) in particular as a strategy for economic development.

Objective of the Study

The general objective of this study is on the impact of Microfinance credit strategy on economic development while specific objectives are stated below:

(i) To investigate available credit strategy(ies) put in place by MFIs;

(ii) To determine the effect of MFI on economic development in Nigeria; and

(iii) To assess the perception of accountants whether MFI credit strategy(ies) can influence economic development in Nigeria.

Research Hypotheses

In achieving the objectives of the study, the hypothesis which was formulated and stated in null form would provide a guide to the objective of the research.

— There is no significant effect of microfinance Institutions' credit strategy on economic development of Nigeria.

REVIEW OF RELATED LITERATURES

Conceptual Framework

Akanji, (2009) in Akanji, 2001 reported that understanding how to alleviate poverty is a central concern of development economies, this is also supported by Bruno, *et al* (1995) who noted that there are ample evidences that policies designed to foster economic growth significantly reduce poverty, but that policies aimed specifically at alleviating poverty are also important. For example, programmes that provide credit and build human capital try to eliminate the causes of poverty. Such programmes can have a short-run or long- run perspective.

A commonly accepted model of program design for microfinance policy, the cost-minimising approach, addresses a number of salient features in current debates about transfers to the poor. Moreover, it is consistent with the desire for targeting. It is also a useful first step toward developing a positive theory of transfer to the poor. The model by Besley (1992) and Coate (1995 in Akanji, 2001) makes no pretense at realism. The model is a useful vehicle for clarifying thinking about a number of issues relating to poverty alleviation programmes. The model views society as composed of two groups: those who make transfers (the rich) and those who receive them (the poor). The model assumptions are as follows:

— That the rich care only about consumption of the poor and not their utility.

— The rich control government and its objective is to design a poverty alleviation program that is financed through taxes paid by the rich.

— There must be voluntary participation by the poor in poverty alleviation program, which means that the poor must be willing to take any benefits intended for them.

"Microfinance as the financial empowerment of economically active poor through the provision of micro credit as well as other productive asset, it enhances the latent capacity of the poor for entrepreneurship, enabling them engage in economic activities, be self-reliant and also enhancing the household income as well as creating wealth"

In addition to Platteau *et al* (1980), in the private informal credit market, 45 percent of households pledged the ration cards that gave them access to subsidised "fair price" shops. It has been proved by Platteau that households who pledged their coupons gained greater access to capital. Thus transfer can perform two distinct roles. In the first, it helps to reduce poverty while in the second, as collateral, it is like a catalyst changing agents' scope for opportunistic behaviour and improving the operation of credit markets.

The literature on economic theory of credit markets and saving decision in economies characterised by incomplete markets and imperfect information is growing. By studying the institutional arrangements through which financial transactions take place, it showed that credit transactions reflect the economic environment in which they occur. In Africa, the economic environment is largely characterised by risks, with unpredictable variations in income as a result of weather and other exogenous processes. In the absence of complete insurance markets, credit transactions take on a special role in allowing resource transfer in response to income shocks.

Theoretical Framework

Life Cycle Theory

According to the reviewed framework of analysis, most MFIs start out as NGOs with a social vision, funding operations with grants and concessional loans from donors and international financial institutions that effectively serve as the primary sources of risk capital for the microfinance sector. Thus, the literature on microfinance devotes considerable attention to this process of "NGO transformation" as a life cycle model outlining the evolution of a microfinance institution (Helms, 2006). Generally, the life cycle theory posits that the sources of financing are linked to the stages of MFI development. Donor grants and soft loans comprise the majority of the funding in the formative stages of the organisation. As the MFI matures, private debt capital becomes available, but the debt structures have restrictive covenants or guarantees. In the last stage of MFI evolution, traditional equity financing had become available Fehr *et al* (2004 in Bismark, 2014).

Micro-credit and Micro-finance

Many scholars to express the same idea have synonymously used the term micro-finance and micro-credit, but in practice it is quite important to draw a line between them because both terms are often indistinct. Their distinct variations lie in their operations and methodology.

Micro-credit, which literally means small credit includes the act of providing loans of small amounts often $100 or less to the poor or other borrowers that have been ignored by the commercial banks (Sengupta, 2008) The notion behind micro-finance goes beyond the provision of small credit to the poor. Micro-finance refers to a movement that envisions a world in which low-income households have permanent access to a range of high quality and affordable financial services offered by a range of retail providers to finance income-producing activities, build assets, stabilise consumption, and protect against risks. These services include savings, credit, insurance, remittances, and payments, transfers and others (CGAP, 2014). The word micro-finance came out from micro-credit but now micro-credit is an integral component of micro-finance.

According to (CGAP 2001, p.2) in Bismark, 2014, microfinance is a movement whose object is "a world in which as many poor and near-poor households as possible have permanent access to an appropriate range of high quality financial services, including not just credit but also savings, insurance, and fund transfers". The World Bank group defined micro-finance as an economic development approach intended to benefit low-income women and men. The term refers to the provision of financial services to low-income clients, including the self-employed (World bank, Microfinance Handbook). MIX (2005) defines Microfinance institution as "an organisation that offers financial services to the very poor."

According to Grameen Bank (1997), microfinance is a programme that extends small loans to very poor people for self-employment projects that generate income, allowing them to care for themselves and their families. To Syngata (2007) Microfinance is that part of the financial sector, which comprises formal and informal financial institutions, small and large, that provide small-size financial services in theory to all segments of the rural and urban population, in practice however mostly to the lower segments of the population. The Asian Development Bank defines Microfinance as the provision of a broad range of financial services such as deposits, loans, payment services, money transfers, and insurance to poor and low-income households and, their micro-enterprises (ADB, 2000).

Argument Against Microfinance Credit

Micro-finance programs have the potential to create positive impact for the poor, but in trying to achieve sustainability, they fail to reach the poorest people. However, they are able to serve poor, but 'poorest of the poor' are left out in the process (Copestake, Bhalotra, and Johnson 2001 and Navajas *et al*. 2000). The role of micro-finance, evolve as a determinant of success of entrepreneurial activity, but deep analysis of an entrepreneurial activity shows that finance does not in itself create opportunities rather it is the entrepreneurial nature of the people which lead them to see the various ways in which they can generate income (Christen, 1997). But certainly, credit plays an instrumental role in enhancing the capability of the entrepreneur to utilise the available opportunity.

According to Shaw (2004), micro-finance can work well for those who are near the poverty line and can engage in high-value enterprises. He further argued that rural micro-enterprises, relative to urban or semi-urban micro-enterprises, serve to protect current consumption levels but offer limited opportunity for exiting poverty. Furthermore, Shaw (2004) suggests that programs must be complemented by investment in social and physical infrastructure if they are to have any significant impact on rural-sector micro-enterprise development.

Profit-Incentive Theory

In contrast to the life cycle theory, the profit-incentive theory posits that MFIs use of commercial funding sources (at any stage of development) will enable MFIs to meet the "microfinance promise." Reliance on commercial funding is beneficial along two dimensions: outreach and efficiency. Since donor funds are limited in amount, reliance on donor funding limits the ability of MFIs to expand to meet rising demand for services. There is also a question as to whether reliance on donor funds allows MFIs to avoid pressures to operate efficiently. Commercially funded MFIs respond to the profit incentive, working to increase revenues and decrease expenses so that they can have revenues sufficient to cover all operating expenses. MFIs with access to donor fund may not respond to these pressures to operate efficiently or deliberately choose outreach over efficiency by serving poorer or rural clients with higher delivery costs (Armendáriz de Aghion & Morduch, 2005).

> ***"Given subsidies, the cost of credit is driven below market rates and the rationing is likely to break down creating an excess demand for loans. When interest rates are not allowed to reflect the costs of financial intermediation due to government subsidies, wealth and political power are likely to replace profitability as the basis of loan allocation"***

Concerns over the dangers of excessive subsidisation in microfinance have been prevalent since the 1980s, and as a result, the goal of serving the poor has been twinned with the goal of long-term financial self-sufficiency for some time (Morduch, 2005). By enabling MFIs to link directly with investors and commercial banks, these types of organisations strive to help MFIs become independent of donor funds. For example, over the past decade, ACCION has been highly influential in encouraging donors to subsidise start-up costs only and pushing for MFIs to have a commercial focus (Armendáriz de Aghion & Morduch, 2004).

Approaches to Institutional Lending

Part of the Microfinance goal was to build financially self-sufficient institutions. This goal is consistent with what has been termed the financial systems approach to microfinance. Robinson (2001) describes:

- The financial systems approach... emphasises large-scale outreach to the economically active poor — both to borrowers who can repay microloans from household and enterprise income streams, and to savers. The financial systems approach focuses on institutional self-sufficiency because, given the scale of the demand for microfinance worldwide, this is the only possible means to meet widespread client demand for convenient, appropriate financial services (pp.22).

- There is an alternative approach to lending called the poverty lending approach: The poverty lending approach concentrates on reducing poverty through credit, often provided together with complementary services such as skills training and the teaching of literacy and numeracy, health, nutrition, family planning, and the like. Under this approach donor- and government-funded credit is provided to poor borrowers, typically at below-market interest rates. The goal is to reach the poor, especially the extremely poor — the poorest of the poor — with credit to help overcome poverty and gain empowerment (Robinson, 2001, pp.22).

Criticism of Microfinance

There is a relatively large argument in the microfinance literature that microfinance is a method of capitalistic accumulation. As Keating, Rasmussen, and Rishi (2010, pp.153) explain, capitalistic accumulation is "a set of processes by which new subjects are brought into the structure of capitalism in exploitative and often violent ways." As neoliberal policies, structural adjustment policies, for example, became pervasive women were disempowered and moved into the precarious informal sector. More so, microfinance appeared to be a movement that focused uniquely on serving women. Fernando (2006a, pp.24) explains, "The framing of gender relations in the discourse of empowerment through microfinance appeared as a sound compromise for feminists concerned with both gender inequalities and capital to achieve their respective goals" and, "... microcredit proved to be an instrument of building worldwide consensus not only between feminists with different ideological perspectives on empowerment, but also between them and the governments, World Bank, and commercial banks." However, this harmonising of feminisation and development institutions was ill fated if women have not been empowered.

The notion of empowerment that microfinance promotes "rests on the capitalist and masculinist assumption that the market is an arena of free action, whereas the compulsory nature of work and the tendency of that work to be physically and mentally draining means that many women experience the market as coercive" (Keating *et al.*, 2010, pp.156). Also, Brigg (2006, pp.77) identifies a statement made by Muhammad Yunus as evidence for a neoliberal approach to development. Yunus states, "Grameen literally runs after poor women who are terribly alarmed at the very suggestion of borrowing money from the bank... Grameen tries to convince them that they can successfully run a business and make money." This statement, according to Brigg, illustrates the creation of demand for loans as local people needed to be convinced of their need for credit. Furthermore, microfinance makes the poor responsible for their poverty and reduces the use of redistributive approaches (Brigg, 2006, pp.79). Microfinance has contributed to an increase of poor women as debtors, labourers, and consumers.

MFIs offer credit to poor women "under conditions that few affluent individuals would find acceptable" and they do so on a long-term basis (Keating *et al.,* 2010, pp.158). Microfinance expands the reach of the financial services industry, for although microfinance was started with the claim of going outside the formal sector, microfinance is a formal sector in itself. The work of women is often in vulnerable, informal sector work, and "microcredit lending programs have, in many cases, reinforced traditional gender structures in spite of shifting economic relationships within households" (Keating *et al.*, 2010, pp. 166). Women are often expected to be rational economic actors while still maintaining their traditional role in the household.

Credit Subsidy

Providing loans below the market rates is in essence a distortion to the markets. Interest rates are ideally a way of credit rationing such that only those with viable projects are the ones willing to pay for it. Given subsidies, the cost of credit is driven below market rates and the rationing is likely to break down creating an excess demand for loans. When interest rates are not allowed to reflect the costs of financial intermediation due to government subsidies, wealth and political power are likely to replace profitability as the basis of loan allocation (Aghion and Morduch 2005).

Many writers argue that even with subsidised credit, the poor rural small scale entrepreneurs were excluded from the credit markets (Morduch 2000). Diverting loans to wealthier persons may not have been necessarily a bad thing to do. From efficiency point of view, efficiency is only achieved if loans are given to those who can invest them wisely and get the most returns out of them. It is not efficient to give loans to simply anybody based on their socio economic background, because then returns from investments may not be maximised. In reality, the major problems with the state backed programmes arose because of the political nature that surrounded them. Many borrowers especially the rich and well politically connected individuals defaulted and soon most borrowers were defaulting. Braverman and Guasch (1986) conclude that credit default rates in countries within

Africa, Middle East, Latin America, South Asia, and South East Asia were between 40 to 95%. The programs either ran out of money or they drained government accounts (Morduch 2000). Not surprising that subsidised credit failed almost universally. Experts argue that the costs of government subsidies were so high that they nearly swamped whatever economic benefits realised: if any (Khandker *et al* 1993).

RESEARCH METHODOLOGY

The design is a survey and correlation research through administration of structured questionnaire in likert-scale form. The population of the study comprises of accountants in Ogun State Nigeria, upon which they were stratified in to three (3) strata (sector), viz, Accountants in the Public, Private and Industry sector. One hundred and eighty-four (184) of the population constituted the sample size selected through convenient sampling across each stratum. A combination of descriptive statistics and multiple regression analysis were used to analyse the data collected. Frequency distribution tables and percentages will be used to analyse objective (i) and (ii) which is to describe the socio-economic characteristics of the respondents in the study area and the constraints perception of accountants on the microfinance credit strategy.

Regression Analysis

This was used to analyse objective (iii) which is to determine the effect of the microfinance credit strategies on economic development. The dependent variable is the economic development while the independent variables are the microfinance credit strategies to be adopted in contributing to the economy. This is stated as follows:

$$Y = f(X_1, X_2, X_3, X_4, X_5, X_6, X_7, X_8 \ldots, \mu)$$

Where,

Y = Output of credit strategies

F = the strategies to be adopted

X_1 = Subsidising credit (1, Yes; 0, Otherwise)

X_2 = Sourcing of fund from external donors by MFIs (1, Yes; 0, Otherwise)

X_3 = Training credit beneficiaries on proper utilisation (1, Yes; 0, Otherwise)

X_4 = Flexible collateral (1, Yes; 0, Otherwise)

X_5 = Simplicity of service (1, Yes; 0, Otherwise)

X_6 = Offering of small initial loans (1, Yes; 0, Otherwise)

X_7 = Shorten turnaround time (1, Yes; 0, Otherwise)

X_8 = Group Lending (1, Yes; 0, Otherwise)

μ = Error Term

FINDINGS

Socio-economic Characteristics of the Respondents

Sex: The chart below (***Figure 1***) summarised the sex distribution of the respondents. It shows the number of accountants in various sectors in the study area. According to the chart, 60% of male inhabitant works in public sector, while the female constitute 40%. 15% of Male inhabitant works in the private sector and 40% of female, likewise, 20% of male and 80% female accountants are in the industry.

"The microfinance bank financial resources have been considered as a tool for economic development in Nigeria through the provision of affordable loan to the rural dwellers in other to enhance their standard of living with minimum interest rate. More so, the attributes of beneficiaries towards repayment of loan has made it difficult for microfinance banks in carrying out their roles effectively in the development of Nigerian economy"

Educational Level and Professional Qualification

Figure 2 show educational level of respondents, 45% of the respondents have had tertiary education with either B.Sc or HND from the public sector. The data collected also shows that 45% have had postgraduate qualification from the industry sector recording the highest sector to have had M.Sc or MBA and 40% of the respondents had one or two professional qualifications such as ICAN, ANAN, ACCA, ICAEW among others. With these results, one can deduce that majority of the respondents have high educational levels and their perceptions to strategic credit to beneficiaries by MFI with such a level of professional qualifications shows their understanding on the subject matter towards development of the nations economy, in the district since many of the respondents in private sector works in the banks and as well as in Microfinance Banks.

Result of Regression Analysis of Credit Strategies to be Adopted by Microfinance Institutions for Economic Development

Table 1 display the regression result showing the estimated parameters and their corresponding level of significant. From the table, credit subsidy by relevant government arms (0.604) as an adopted credit strategy was found to be significant at 1% with a coefficient value of (3.455). This implies that credit subsidy as an adopted credit strategy influence the level of output of economically active individuals and SMEs. Thus, the more MFIs adopt the use of credit subsidy as a credit strategy the likelihood the effect of economy is being suppressed. This is in line with the Poverty Lending approach described by Robinson (2001) as a donor- and government-funded credit to provide credit to poor borrowers, typically at below-market interest rates. The goal is to reach the poor, especially the extremely poor — the poorest of the poor — with credit to help overcome poverty and gain empowerment. This further agree with Aghion & Morduch (2005) statement that when interest rates are not allowed to reflect the costs of financial intermediation due to government subsidies, wealth and political power are likely to replace profitability as the basis of loan allocation.

Sourcing for external funds (.127) significant at 1%. Sourcing for external funds by MFIs from donors has being another source of funding for the MFIs and such supported by findings of Fehr *et al*. (2004), "Donor grants and soft loans comprise the majority of the funding in the formative stages of the organisation. As the MFI matures, private debt capital becomes available, but the debt structures have restrictive covenants or guarantees.

Other significant parameters are training on proper utilisation of credit facility (.035) significant at 10%. The implication of these is that as beneficiaries are trained on the utilisation of credit, the less likelihood would the effect of GDP growth be observed. In all, credit subsidies, sourcing for external funds by MFI and training on proper utilisation of credit beneficiaries was all found to influence the output of MFI activities as a strategy for economic development.

On the other hand, flexible collateral (.265), simplicity of service (-.178), offering of small initial loans (-019) and fast track loan request approval (.040) were found not to have any significant influence on economic growth if adopted as a credit strategy. This suggests that MFIs should think of other ways for credit service repayment method to be able to contribute to the development of the economy.

CONCLUSION

The study has measured in details professional accountants view concerning the contribution of Microfinance Institutions credit facilities in the development of Nigeria economy. This study therefore, was carried out in order to ascertain the effects of MFI credit strategies to the development of Nigerian economy. These effects were examined based on the financial and non-financial strategies such as credit subsidising by relevant arm of the government, sourcing for external fund by the MFI themselves, Flexible Collateral, Offering of small Initial Loans and also to Employ Group lending facilities to motivate repayment. In order to present a solid basis for this study, theoretical and empirical literatures relating to this study were reviewed. Furthermore, regression analysis was carried on the accountant's opinion in order to be able to fully ascertain the level of these effects.

The microfinance bank financial resources have been considered as a tool for economic development in Nigeria through the provision of affordable loan to the rural dwellers in other to enhance their standard of living with minimum interest rate. More so, the attributes of beneficiaries towards repayment of loan has made it difficult for microfinance banks in carrying out their roles effectively in the development of Nigerian economy. Furthermore, the embellishments of microfinance banks is primarily to meet the unsatisfied demand created by the inability or unwillingness of the more formal institution to offer small enterprises and rural dwellers adequate access of their deposit and credit facilities as well as other financial products and services. The study thus confirmed the positive contributions of credit strategies if adopted by MFIs towards economy development in Nigeria.

Table 1:
Computation of the Sample Size Based on Strata

S/N	Sector	Sample Size	Percentage (%)
1.	Public	83	45.0
2.	Private	46	25.0
3.	Industry	55	30.0
	Total	**184**	**100**

Source: *Field Survey, 2017*

RECOMMENDATIONS

As part of the objective of this study, the following recommendations were made:

1. Accountants and Managing Directors of various MFI should adopt the credit strategies propounded in the study for them to be able to contribute meaningfully towards government efforts and economic development at large.

2. Microfinance banks should also devise best and accurate method for loan repayment or recovering by defaulters or non performing loans.

3. Government at all levels are to device a necessary means of providing credit subsidy to Microfinance Institutions and equally assist in the sourcing of external funds to be able to develop a sound, energetic and sustained economy.

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Table 2:
Regression Analysis on Credit Strategies to be Employed by MFI for Economic Development

	Subsidising Credit	Sourcing for External Fund	Training on Proper Utilisation of Credit	Flexible Collateral	Simplicity of Services	Offering of Small Initial Loans	Fast Rack Loan Request Approval	Employ Group Lending Facilities to Motivate Repayment
Parameter Estimate	0.604	.127	.035	-.268	.178	-.019	.040	.018
Z -value	3.458	-1.444***	.934	-3.448***	1.901*	-.239	.452	.206
Standard Error	0.080	.040	.083	.078	.093	.078	.088	.090

Source: *Computed from field Survey, 2017*
* Significant at 10%.
** Significant at 5%
*** Significant at 1%

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Flashback from the 80th Year Milestone of

Alhaji I.O. Sulaimon, FCA

A Past President of The Institute

By G.M. OKUFI

Alhaji Idris Onaolapo Sulaimon

In Literature, a student is taught about character sketch. He is let into the art of putting someone on canvas for the world to see, to understand and appreciate.

Questions like:

— What do people think about him?
— What do people say about him?
— What does he say in certain circumstances?
— How does he react under certain situations or to certain issues?

I am not a politician, but I like to read and listen to discussions on politics.

The PDP Convention was held on Saturday, 9th of December, 2017. The results did not come through on that Saturday, but on Sunday 10th of December, 2017. The Newspapers carried all the details – some confusing, some surprising – they were there for all to see.

You not only hit the iron when it is hot, but also hit it to seep it hot. The Newspaper Houses therefore published extra copies, made great sales and sizeable profits.

There were other attractions in the *Sunday Punch* and the *Sunday Guardian* of that date. There were tributes and pictures on many pages of Engr. Funsho Kupolokun, former Group Managing Director of NNPC; Alhaji Idris Onaolapo Sulaimon, FCA a Past President of the Institute of Chartered Accountants of Nigeria; and General T.Y. Danjuma – Onaolapo is an exceptional name.

Important people, institutions and organisations praised these noble Nigerians for their achievements, contributions and strength of character. They talked about their positive effects on those who had the privilege of meeting them and their individual ability to influence their lives. Is it by accident that these distinguished Nigerians are celebrating their Birthdays at the same time? It gives a happy feeling to be in the company of achievers. It is said that a man's praises smell sweet when it comes out of other men's mouths.

Stirling Trust Company described Alhaji I.O. Sulaimon as the sage at 80.

The prayerful wish of Lifelong Schools is for good health and wonderful years on earth.

The Partners and Staff of Sulaimon & Co., a Firm of Chartered Accountants, paid glowing tribute to its founder, worthy father, leader and mentor. This was an expression of gratitude from the heart, for being such a pillar of support and a pathfinder. He provided each member of staff the courage and opportunity to develop at his own rate.

He did not play a Mugabe. The Firm is still in good shape because there is an honest succession plan. Even from a distance you can partake of his affection and attention.

One is meant to grow his corn but not to sing his own praises.

Any time there was a meeting of the Polytechnics, the Rectors assembled at Kaduna Polytechnic where the Chairman was then operating. As an External Examiner to Ahmadu Bello University, I had to fly to Kaduna and was taken by road to Zaria.

Alhaji Sulaimon and myself usually met at the Kaduna Airport on his way to Lagos to attend the Institute's meeting. As a Civil Servant, whether I was in the College, at the Airport or in the Air, I was on Official duty, the Federal Government had to cover all my expenses and so there was no financial sacrifice or discomfort for me.

Each time, we parted, the question that came across was – who is this man spending his money, time, energy and sacrificing his comfort for a Professional Institution to which he belongs.

You will understand my position; I was being paid for every assignment. In 1985, I was dropping the chalk and the then President of the Institute, late Mr. J.K.O. Osinaike came calling, asking me to join the Institute as a staff. I had no idea of the lay of things at the Institute. Mr. D.B.O. Ogutuga, Alhaji I.O. Sulaimon and the late Chief J. Akin Owoseni persuaded me to join the Institute as a Staff.

Let me at this point, place on record, my appreciation of their unflinching support during the years I was the Registrar of the Institute. Even when things turned awry they were there for me.

It is the practice that each President of the Institute travels to District Societies. In this regard, in Kano, I found the hospitality of Alhaji and Alhaja Sulaimon something to write about. The president would be invited to lunch at their home, one never knew when to leave as you were having lunch under climbing plants, gentle breeze, excellent company and good food. No expense was spared to let you feel comfortable and it was written in bold letters – "You are welcome."

He has highly successful professional children and elations. I have had the privilege of attending the weddings of two of his children. I have come to the conclusion that if the Sulaimons are hosting a Party in Kano or Lagos, the standard of care and attention to details are the same. Behind every great and successful man, is a woman. I pay tribute to Alhaja Sulaimon, a wonderful wife, a magnificent mother, a gracious grandmother and an ideal hostess. Once she meets you, she does not forget and she greets you warmly.

There was an ABWA Conference in Gambia. Alhaji Sulaimon wanted to travel to the Senegal. He invited Mr. Godwin Iluobe, my secretary then and myself to accompany him. He paid all our expenses.

"Alhaji I.O. Sulaimon's passion is to put smiles on faces of people and give hope to the hopeless. ...His ordinariness, humility and simplicity can hardly be reconciled with his eminence in a country like Nigeria with a culture notorious for ostentation and showmanship"

The saying is that when you have more than you need, build a bigger table, not a higher fence or a Berlin wall. His passion is to put smiles on faces of people and give hope to the hopeless.

On my 80th Birthday, I was brought back from slumberland by a song on my mobile. Someone was singing "Happy Birthday." As I was just coming back to this planet, I could not identify the voice, all of a sudden, I recognised the voice it was "Alhaji Sulaimon." I have never heard him sing. In less than two hours, he was in my house at Surulere with a Birthday gift. I will also not forget the yearly lleya Festival present. I thank him immensely.

I am hoping to take him to a studio to record an Album. I am sure it will be a chartbuster. He does not break under pressure; he does not shout at you, he has a voice that calms jaded nerves.

At the Alhaji Sulaimon's Birthday celebration, clerics came to pray for him. He is a devout Muslim. He gives recognition to religions other than his own. The world will be a better and happier place if we adopt this attitude.

His ordinariness, humility and simplicity can hardly be reconciled with his eminence in a country like Nigeria with a culture notorious for ostentation and showmanship.

Let me say a little prayer –

- Allah will plant his feet on higher grounds.
- Allah will not turn His face away from him.
- May his future exploits surpass those of the past.
- May the life ahead not spring any unpleasant surprises on him.

Allah will continue to guide and preserve him, for many more effective and happy years of service to his family, the Accountancy Profession and the nation.

Amen is the response from all the voices.

My dear Past President, is not getting older but just more distinguished.

Congratulations.


It's easier to succeed when you specialize
Join a Faculty
I belong to a faculty
With our seven faculties, you're sure to find the perfect fit for your career.
With ICAN, You Can
ICAN Faculties
Financial Reporting
Audit, Investigations and Forensic Accounting
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WORLD CONGRESS OF ACCOUNTANTS 2018
GLOBAL CHALLENGES | GLOBAL LEADERS

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA

(Established by Act of Parliament No. 15 of 1965)

announces the

20th WORLD CONGRESS OF ACCOUNTANTS

November 5-8, 2018 , Sydney, Australia.

THEME: Global Challenges | Global Leaders

The 18th IFAC World Congress of Accountants is scheduled to hold in Sydney, Australia between November 5 -8, 2018. It is regarded as ACCOUNTANTS OLYMPICS. Held every 4 years, it started over 110 years ago.It has an anticipated audience profile of 6000 delegates from 130 countries covering 6 Continents.This year's theme, Global Challenges /Global Leaders, will inspire the profession to take charge of the future. It will cover the most compelling topics of our time, including block chain, Big Data, robotics, internet of things, sustainability and the role of artificial intelligence (AI) in accounting and the future of work. For the four days, 150 internationally acclaimed business leaders will present to motivate and inspire. Unconventional disruptors will open our minds to new business ideas, perspectives and cutting-edge innovators that can make impossible possible. This Congress would be a gathering like no other. It would be enriched with thought provoking presentations, value laden interactive sessions, new horizon for our professional development and world class networking platform for business and personal development. It will also enable participants interact, share ideas and build network of technical resources that will impact their businesses. As global business leaders and expert resource managers, accounting and finance professionals hold the ace to business survival, growth and prosperity in the midst of disruptive technology and ethical demand for sustainability initiatives. The challenge is to have global leaders who would drive transnational businesses, continue to deliver value to stakeholders and inspire the confidence of providers of various capitals in the interest of present and future generations. To build trust, business must be done with integrity.
Your experience will be enhanced by this year's location, Sydney, the most populous city in Australia and Oceania. It's amongst top fifteen most visited cities in the world where you'll be able to take in all that the city has to offer, as well as learn from Australia's innovative culture and world-class business environment.
WCOA 2018 IS A PROFESSIONAL JOURNEY LIKE NO OTHER

REGISTRATION FEES

US DELEGATES	ACCOMPANYING PERSON
US$1330	US$400

FULL DELEGATE: Welcome Reception, four- day congress pass, Gala Event, exhibition entry

ACCOMPANYING PERSON: Welcome reception, Opening ceremony and keynote, Gala Event, exhibition entry.

CONGRESS ATTRACTS: 18 ICAN MCPE CREDIT HOURS

TRAVEL ARRANGEMENTS

S/N	AIRLINE	ECONOMY (US$)	BUSINESS (US$)	TRANSIT TIME TO SYDNEY (HRS)	TRANSIT TIME TO LAGOS (HRS)	FLIGHT DURATION EXCLUDING STOPOVER PER LEG (HRS)
1.	Emirates Airline	3,357	13,125	5	5	21
2.	South African Airways	2,712	6,745	16	10	17
3.	Quatar Airways	3,427	11,900	10	3	25

a.Departure dates : 1st & 2nd November 2018; Return dates: 10th & 11thNovember 2018
b.Preferred Departure Airport: LAGOS/ ABUJA (Circle as applicable)
1.VISA : To be processed by delegates online but ICAN will provide guidance. Visa fee is US$115 and N10,000.
Yellow card (vaccination) and Polio vaccination certificate are required to enter Australia.
2.AIRPORT TRANSFER = US$50
3. ACCOMMODATION:

			SINGLE OCCUPANCY PER NIGHT			DOUBLE OCCUPANCY PER NIGHT			TRIPLE OCCUPANCY PER NIGHT
S/N	HOTEL NAME	STAR RATING	STUDIO/ STANDARD	1 BED	2 BED	STUDIO	1 BED	2 BED	TWIN ROOMS
	NO. OF PERSONS PER ROOM		1	1	1	2	2	4	3
1	OAK GOLDBOROUGH APARTMENT	4	$306	$330	$215	$153	$165	$108	N/A
2	APX APARTMENT	4	N/A	$303	$352	N/A	$152	$176	$101
3	METRO HOTEL	3	$280	N/A	N/A	$140	N/A	$146	$115
4	SOFFITEL HOTEL	5	$320	N/A	N/A	N/A	N/A	N/A	N/A

1. Complete the registration form from ICAN website: www.ican-ng.org by clicking on WCOA Australia 2018 (Register Here) or Obtain a Hard copy from ICAN secretariat. Append your signature on the duly completed registration form.
2. **Payments can be made to ICAN/WCOA 2018 domiciliary through any of the following outlets.**
   GT BANK: Account number 0000634417; FIDELITY BANK: Account number - 5090289750; ZENITH BANK: Account number 5070103961
3. **Attach the completed form along with evidence of payment and scan to email address: wcoa2018loc@ican.org.ng or courier to ICAN Victoria Island office or Ebute meta annex. Make it attention: Bimpe Olugbile or Shakiru Balogun**

CLOSING DATE: May 30, 2018
For additional information, please contact: SHAKIRU: 08067609136 **or BIMPE:** 07066122759.
ORGANISED TOUR – Please contact Mrs Felicia Bamgbose on 08037864472/ 08153153577

OPTION 1: SYDNEY TOUR

	STUDIO APARTMENT	DOUBLE SHARING	QUADRUPLE SHARING	ACCOMPANYING PERSON + TICKET
SOUTH AFRICAN AIRWAYS				
ECONOMY	$5,132	$4,282	$4,092	$3,250
BUSINESS	$9,420	$8,570	$8,380	N/A
EMIRATES AIRLINE				
ECONOMY	$5,132	$4,282	$4,092	$3,250
BUSINESS	$9,420	$8,570	$8,380	N/A

OPTION 2: SYDNEY, CAPE TOWN

STUDIO APARTMENT	DOUBLE SHARING	QUADRUPLE SHARING	ACCOMPANYING PERSON + TICKET
$6,482	$4,546	$4,116	$3,842
$10,770	$8,524	$8,094	

OPTION 3: SYDNEY, DUBAI AND ABUDHABI

STUDIO APARTMENT	DOUBLE SHARING	QUADRUPLE SHARING	ACCOMPANYING PERSON + TICKET
$7,288	$6,378	$6,188	$3,250
$16,305	$15,395	$15,205	

NOTE: Tour costs include flight, accommodation & airport shuttle

JOHN I, EVBODAGHE MBA, FCA
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Designed by **BEP Graphix, Lagos.** *Printed by* **Academy Press Plc, Lagos.**