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Nigeria First:

Accountancy, Nation Building and the Future

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THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA

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The fight against corruption in Nigeria is a fight all hands must be on deck to win. Governments at all levels have called on professionals to join them in exposing the cankerworm that has eaten so deep into the country's fabric.

In view of this, members of the Institute of Chartered Accountants of Nigeria (ICAN) at its recently concluded 47th Annual Accountants' Conference held in Abuja, agreed that accountability and probity would assist the future of Nigeria's economy and the fight against corruption. Hence it's launching of the Accountability Index at the conference. The Index is the first-of-its-kind mechanism for assessing public finance management and public governance practices of Nigerian public sector institutions including the Federal, State and Local Governments.

The theme of the conference, **"Nigeria First: Accountancy, Nation Building and the Future"** and other workshop and plenary presentations were pointers to ICAN's resolve in putting the country first in its activities. The theme was specifically chosen to drum support for accountability and nation building.

In his remark, President Muhammadu Buhari, GCFR, who was represented by the Accountant-General of the Federation, Alhaji Ahmed Idris, FCNA at the conference commended ICAN's support for federal government's anti-corruption campaign, through the establishment of the Whistle Blowers Support Fund and Accountants' Disciplinary Tribunal. He urged accountants to put the country first in their professional practice as a way to negate corrupt tendencies.

The Chief Executive Officer of the International Federation of Accountants (IFAC), Mr. Fayezul Choudhury in his lead paper entitled **"The Future of Accountancy Profession"**, described Nigeria as a country with a good place in global accountancy profession and commended the Institute for playing its role very well. He advised ICAN to leverage on her position in the continent to become a strong voice in advocacy for corrupt-free government and society.

There were other presentations such as **"ICAN Accountability Index: Reforming Public Finance Management for the Future"**; **"Nigeria: The Future of Work and Youth Employment"**; **"Cyber Security: What Chartered Accountants Need to Know"**; **"Cancer and Early Detection and Wearable Technology for Stress Management"**; **"Young Professionals: Emerging Leaders of Change and Nation Building"**; **"The Future of Corporate Reporting"**; **"Islamic Finance: Global Trends and Potentials for Chartered Accountants"**.

You will also read articles such as **"Small & Medium Scale Enterprises Development and Entrepreneurship Education in Nigeria"**; **"2017 FGN Budget: Tool for Economic Recovery and Growth"**; **"Impact of Balanced Scorecard on Firm Value of Quoted Manufacturing Companies in Nigeria"**; and **"Avoidance Devices in Nigeria's Personal Income Tax Act: A Challenge to States' Revenue Generation"**.

On the health page, we have all you need to know about the monkey pox disease that broke out recently.

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

47th ANNUAL ACCOUNTANTS' CONFERENCE

Communiqué

It is part of our mandate as a responsible professional institute, to constantly review and discuss some policies of government and proffer advice to assist implementation and ensure that their benefits are maximised. The Annual Accountants Conference is one of such avenues by which the institute lends its voice on prevalent national issues to shape governance.

The 47th Annual Accountants' Conference of The Institute of Chartered Accountants of Nigeria (ICAN) took place from the 16th to 20th of October, 2017 at the International Conference Centre, Abuja and Sheraton Abuja Hotel, Nigeria. The theme of the conference was ***"Nigeria First: Accountancy, Nation Building and the Future."***

The choice of the theme was influenced by the need to reawaken the patriotic zeal of Nigerians to place the interest of the nation above self by leveraging on the role of the accountancy profession in nation building and to fully harness the potentials of Nigerian youths if we are to achieve sustainable development.

One unique and very important feature of this year's conference is the presentation and launching of the ICAN Accountability Index. The Index which was developed by ICAN working together with other stakeholders including a group of members of the Institute led by Mr. Segun Banwo, FCA and Convention of Business Integrity CBI, is the first-of-its-kind mechanism for assessing public finance management and public governance practices of Nigerian public sector institutions including the Federal, State and Local Governments. The Institute is very proud of its role in the development of this index, which we believe is a relevant, innovative and timely contribution to Accountability, Public Finance Management and Governance practices in Nigeria. We invite the distinguished members of the forth estate of the realm, the media, to contribute to this unique accountability and nation-building initiative by widely publicising the ICAN Accountability Index.

The conference was declared open on Tuesday, October 17, 2017 by His Excellency, President Muhammadu Buhari, GCFR, who was ably represented by, Alhaji Ahmed Idris, FCNA, the Accountant-General of the Federation.

Participation

A total of 4,225 delegates including resource persons and invited guests, attended this year's Conference.

Goodwill Messages

Goodwill messages were received from the Honourable Speaker of the House of Representatives, Rt. Hon. Yakubu Dogara and the Governor of Ogun State, Senator Ibikunle Amosun, FCA.

Technical Sessions

The Conference theme was considered from different

perspectives. In all, six (6) plenary papers and two (2) workshop papers were presented as follows:

Plenary 1 (The Lead Paper): *The Future of the Accountancy Profession*

The lead paper was delivered by the CEO of IFAC Mr. Fayezul Choudhury. The Session was chaired by Major General Sebastian Achulike Owuama (retd.), FCA, Past President of the Institute and discussed by Mr. Ituah Ighodalo, FCA, Managing Partner, SIAO and Mr. Tola Adeyemi, FCA, Partner/Head, Audit, KPMG.

Plenary 2: *ICAN Accountability Index: Reforming Public Finance Management for the Future*

This session was chaired by Mrs. Elizabeth Omeresan Adegite FCA, a Past President of the Institute. Mr. Chris Nyong, FCA, Auditor-General for Cross River State, presented the main paper. The discussants were Mr. Olusegun Banwo, FCA, ED/CFO, Mobil Producing Unlimited; and Mr. Soji Apampa, ED, Integrity Group.

Plenary 3: *The Future of Work and Youth Unemployment*

The third plenary session was chaired by Chief (Dr.) Richard U. Uche, FCA, a Past President of the Institute. There were presentations by Mrs Nike Adeyemi, Executive Director, Fate Foundation; Ms Parminder Vir, OBE, CEO, Tony Elumelu Foundation; Mr. Olutola Ogundipe, FCA, Deputy Managing Partner/Head of Assurance PwC; and Mr. Afoluwa Mogaji, African farmer.

Plenary 4: *Cyber Security: What Accountants Need to Know*

This session was chaired by Chief (Dr.) Mrs. Catherine Ginikanwa Okpareke, FCA, a Past President of the Institute. Mr. Dipo Fatokun, Director, Payment Systems, CBN presented the main paper. The discussants were Mr Bode Oguntoke, Head IT and E-business Control, Union Bank; Mr Chinwenka Ezeribe, Head of IT at FIRS; and Dr. David Isiavwe President, Information Security Society of Africa-Nigeria.

Plenary 5: *Cancer & Its Early Detection and Wearable Technology for Stress Management*

This session which was chaired by Mr. Emmanuel Ijewere, FCA, Past President of the Institute had presentations by Mr. Adedayo Farooq Oreagba, Head, Equity Sales Trading, African Alliance Investment Bank, South Africa and Dr. Jacob Nwachukwu, MBBS, FNIM, Managing Director, Elyson Synergy Limited.

Plenary 6: *Young Professionals: Emerging Leaders of Change and Nation Building*

The last but not the least Plenary session was chaired by Mr. Chidi Onyeukwu Ajaegbu, FCA, Past President of the Institute. There were presentations by Mr. Akinyemi Ashade, FCA, Hon. Commissioner for Finance, Lagos State representing His Excellency, the Executive Governor of Lagos State; Hon. Linus

Abaa Okorie, FCAI, FCA, Member, House of Representatives; Mr. Chinedu Echeruo, Tech. Entrepreneur, Founder, Hopstop.com; and Mr. Jelani Aliyu, Director-General, Nigerian Automotive Design and Development Council.

Workshop 1: Integrated Reporting: The Future of Corporate Reporting

This workshop session, which was chaired by Mrs. Mojisola Osiyemi, FCA, Past President of the Institute. Dr. Innocent Okwuosa, FCA, presented the main paper. The discussants were Mr. Orji Okpechi, FCA, Senior Partner, Grant Thornton; and Mr. Daniel Asapokhai, FCA, Executive Secretary, Financial Reporting Council of Nigeria.

Workshop 2: Islamic Finance: Global Trends and Potentials for Chartered Accountants

The workshop session was chaired by Alhaji Idris Sulaimon, FCA, a Past President of the Institute. The main paper was presented by Mr Stephen Kyalo Muia, Managing Director, Noor Takaful Plc, while the discussants were Alhaji Hassan Usman, FCA, Managing Director, Jaiz Bank; and Mr. Ibrahim Onaleye, FCA, Executive Chairman, Braton & Associates.

Conclusions and Recommendations

At the end of deliberations, the conference reached conclusions and made the following recommendations:

I. Nigerians must reawaken their patriotic zeal to place the interest of the nation first above self, rediscover their civic responsibilities as citizens and commit themselves to the ideals of the Constitution of the Federal Republic of Nigeria;

II. The accountancy profession must align with the aspirations of young people and consciously attract their best and brightest because in the competencies of young accountants and their vibrancy lies the future of the profession;

III. Accountants must embrace change and radically rethink training and development, strengthen their professional ethical disposition, lead the fight against corruption, increase the attractiveness of the profession, embrace new and emerging technologies and proactively engage with regulators and standard setters in order to meet stakeholders' expectations which is gradually gravitating towards demand for real time assurance services, integrated reporting, demand for greater insights and increased recognition of public interest focus;

IV. The introduction of the ICAN Accountability Index, an Accountability and governance performance measurement and rating programme is a welcome development as lack of accountability in governance constitutes a hindrance to development, promotes waste of public resources, short-changes the citizens and is a fertile ground for fostering corruption;

V. In implementing the ICAN Accountability Index, there should be more focus on States and Local governments, use of professionals outside government and more attention paid to information that is readily available in the public domain as doing so will be cost effective, more credible and preserve the integrity of the process;

VI. Government should urgently review the curricula of tertiary institutions in Nigeria to ensure that they produce graduates with the requisite skills and competencies required by employers of labour;

VII. Government should vigorously pursue policies that are not only youth-focused, but tailored towards entrepreneurship, because youth entrepreneurship would play a key role in solving the problem of youth unemployment;

VIII. Government should institute policies that would channel the focus of farmers to untapped areas in the agricultural sector in order to accelerate the attainment of food sufficiency, improve the food value chain, improve foreign earnings and reduce unemployment. The conference urged accountants to tap into these opportunities in the agricultural sector either as advisors or as investors because of their skills in planning, budgeting and sourcing finance;

IX. Accountants are advised to re-tool to ensure that they are able to continue to safeguard the nations assets in the face of the worsening state of cybercrimes across the globe as the information age appears to have refocused the roles of chartered accountants in the area of information risk management and controls. The profession is now central to most cyber security strategy and its implementation;

X. The conference noted the need for everyone to go for regular medical check-up, so that health issues such as cancer cases can be detected early with higher chances of cure as more than 70% of deaths attributable to cancer can be avoided by early detection and treatment. Accountants were advised to contribute to the fight against cancer by identifying with charity organisations that provide healthcare services in that area;

XI. Accountants must urgently acquire the requisite skill-sets and capacity towards meeting the demands of clients and other stakeholders in the area of Integrated Reporting which is fast replacing traditional financial reporting in meeting investors' information needs as they make investment decisions;

XII. The conference noted that the misconceptions surrounding Islamic Finance such as hidden religious agenda, are unfounded and advised accountants to pursue the Islamic Financial Service Sector (IFSS) certifications in order to tap into the huge potentials in that area and seize its inherent business opportunities;

XIII. The conference urged Nigerian youths to be focused and tap into the limitless opportunities available by equipping themselves with the new skills necessary to key into the rapidly changing world, rather than seeking easy routes to wealth and fame;

XIV. The conference urged Nigerians to be positive about the country's future, focus on the attributes commonly shared such as culture and values, develop strong passion for positive thinking and be creative and imaginative, as these are some of the virtues needed to build a strong and virile nation ready for the future; and

XV. ICAN and its members should be more active in governance and act as a strong advocate for transparency and accountability in governance.

Mallam Isma'ila Muhammadu Zakari, mni, FBR, FCA
53rd President, ICAN
November 3, 2017

2017 FGN BUDGET: TOOL FOR ECONOMIC RECOVERY AND GROWTH

By Etubom (Dr.) ANTHONY A. ANI

In October, 1994 when I took over as the Federal Minister of Finance, Nigeria had the same problems as the present Government.

- Consistent negative growth rate of -1.5%, we were in recession.
- Exchange rate volatility leading to internal liquidity problems and instability.
- Inflation rate was 87%.
- Oil price was between \$18 and \$21 per barrel and it came down to \$9 per barrel in 1998.
- Actual realised oil earnings never exceeded \$12 billion per year and it came as low as \$6.8 billion in 1998.
- Interest rates were very high above 21% pa. Our external reserve was \$750 million, barely sufficient for two weeks imports.

2. During the period October 1994 to 1998, we were able to stabilise the economy.

- We were out of recession before the end of 1995.
- Maintained a stable exchange rate of N82 to \$1 and we achieved internal convertibility of our currency.
- Our external reserve rose to \$8 billion.
- Inflation was reduced to 6.8%.
- Interest rate stabilised at 16%.
- There were jobs too.
- We did not borrow internally or externally.
- Pump price of petroleum products remained at N11 per litre.
- Our refineries were producing 81 million litres of petroleum products per day. We did not import petroleum products.
- We built the largest and cheapest housing estate in Africa without borrowing and by direct labour.
- The economy trickled down to the common man through direct involvement of Petroleum Trust Fund (PTF) and their fiscal measures.

- We won three gold medals at the 1996 Olympic games.

3. These were achieved through a sustained and well focused coordination between the Ministry of Finance, the Ministry of Planning, the Central Bank of Nigeria (CBN), the Nigerian Economic Society (NES). There was a solid interplay to achieve economic cohesion for example all the economic laws of the country were drafted by the Ministry of Finance under the supervision of the Minister.

4. In addition, I was personally involved in the preparation of all budgets from collation to their final product. I involved the Minister of Planning and the Governor of CBN in the final stages of budget preparation and budget implementation.

RECESSION

5. I will like to discuss the issue of recession in this paper. Recession is essentially caused by severe breakdown to fiscal or monetary policy. In 1995 it was caused by the breakdown of fiscal policy and in 2017 it was caused by a breakdown of monetary policy and in both cases lack of coordination between fiscal policies (Ministry of Finance and Ministry of Planning) and 3 monetary policies (CBN) both of which must work in tandem. In respect of the 1995 recession, we discovered that the build-up started during the Babangida's administration. All the budgets from 1986 up to and including 1994 were totally wrong. During these years, we were double counting the Royalties and Petroleum Profits Tax (PPT) in respect of Nigeria's equity crude and this inflated the nation's revenue calculation by 30% in each of the years.

This meant that 30% of all budgeted expenditure was not backed by any income and we kept on spending non-existent money. By the end of 1994, the economy could no longer withstand the pressure.

The inflation arising as a result of spending non-existent revenue galloped to 87%, the ratio of deficit to GDP was in the

region of 8.7%, there was virtually low foreign reserve, and of course the result must be volatility and instability of the exchange rate.

6. The miscalculation of royalty and PPT was done by an administrative staff who had been in the seat as Revenue Director for years and whose work was unchecked and sacrosanct. I first checked to confirm his figures and found this massive gap (30%). I brought this serious lapse to the notice of IMF and World Bank who had all along certified the nation's wrong revenue profile and of course they were seriously embarrassed.

Having discovered this discrepancy in our revenue profile, I as the Minister of Finance had to decide whether to borrow to maintain our budget or to balance the budget with the reduced revenue and end the recession. After discussion with the then Head of State General Abacha, we agreed not only to balance the budget, but also create a surplus of 3% of GDP in 1995 thereby taking the country out of recession. We agreed that there should be no extra budgetary expenditure or supplementary budget. It was very tight but it was worth it. Nigeria exited recession in 1995.

RECESSION 2017

7. The current recession is caused chiefly by the breakdown of our monetary policy, indiscipline and ineffective banking supervision. An attempt to implement monetary policy without correlation with sound fiscal policy led to profligacy in foreign exchange spending. Our policy makers were carried away to trade our naira denominated bonds in international market thus leading to volatility and instability in our exchange rate management. We were forced by J.P. Moagan, United State President and IMF to devalue and thereafter IMF insisted a further devaluation by way of flexibility. Thus our currency was over devalued. The IMF flexibility chorus was orchestrated by the "There is no alternative (TINA)" Yesmen in Nigeria.

We foolishly created 3000 Beareux De Changes into which the CBN siphoned \$66 billion over a period of 11 years as disclosed by CBN governor himself, we failed to effectively account for the inflows from Nigerians in diaspora amounting to \$22 billion per year, about 3.3% of the nation GDP. We lost all senses of production and resorted to importing everything under the sun. We failed to create jobs and imported abject poverty into the nation.

8. The banks contributed to the recession. Bad loans forced the CBN to buy these loans from the banks. CBN had to rush N6trillion to bail out the banks in respect of less than 100 loan defaulters. Had CBN invested N6 trillion in agricultural production, the whole nation would have changed forever. Millions of jobs would have been created and prosperity for all

Nigerians would have been assured.

But alas, CBN spent N6 trillion to save less than 100 Nigerians.

REVENUE

9. In view of my experience of the revenue budget of the Babangida years, I always like to review all budgets starting with the composition of Revenue. Unfortunately, I cannot compute the correctness of oil revenue for 2017 because no information as regards Nigeria's Joint Venture Contribution (JVC) towards our equity oil is available. The key assumptions for the 2017 budget shows an oil production of 2.2 mbpd at a benchmark price of USD 42.5/b with and exchange rate of N305/US\$. There was no mention of gas revenue in the assumption even though Nigeria is the world's sixth biggest producer of LNG. In 2013, we produced and exported 25 billion cubic meters of LNG. Other major producers of LNG are Qatar, Trinidad, Malaysia, Australia, Russia, Indonesia and Oman. I am sure the Gas Revenues are part of the national budgets of these countries. By calculations, if our LNG exports, were converted to oil, our revenue from gas would be about \$8 billion (N3 trillion) in terms of PPT and Royalties. I have only seen a paltry N30 billion as LNG revenue in the 2017 budget. At least we should properly account for LNG revenue after the heavy investment we have made in the project.

10. The total revenue for 2017 is N4.94 trillion of which N1.84 trillion (37%) is allocated to debt service, N2.69 trillion (54.5%) to salaries and pensions. Others, (intervention programme) 0.46 trillion (9.3%). This means we are borrowing to finance both capital expenditure and part of recurrent.

BORROWINGS

11. The total budgeted expenditure is N7.3 trillion and the revenue for 2017 is N4.94 trillion giving a deficit of N2.36 trillion which is to be sourced from borrowings. As at 31st December, 2016 Nigerians external debt stock stood at \$13.8 billion or N4.23 trillion, the domestic debt was \$ 39.08 billion or N11.97 trillion. The total foreign and domestic debt outstanding as at 31st March, 2017 was \$62.87 billion or N19.16 trillion. We have made application to borrow additional \$30 billion or N10 trillion before 2019. By this time, our 6 total debt stock will be in the region of \$93 billion or N29.16 trillion. Based on our current revenue profile of N4.94 trillion, our revenue gearing (ratio of debts to yearly revenue) will be 5.9:1. This is most unsustainable and Nigeria will be suffocated to death with debt overhang. An acceptable revenue/debt gearing is 1:1 or at worst 2:1 A situation where we have a ratio of 5.9:1 is unacceptable and must be reviewed. If we go this way, the whole of future revenue will be gulped by debt service. At the

The current recession is caused chiefly by the breakdown of our monetary policy, indiscipline and ineffective banking supervision. An attempt to implement monetary policy without correlation with sound fiscal policy led to profligacy in foreign exchange spending

moment the debt service/revenue ratio is 37%. We cannot walk out of recession through huge borrowings but must go back to production, production, production.

12. Salaries and pensions amounts to N2.69 trillion or 54.5% of the revenue and this is too high. I believe that we are still dealing with ghost workers. I do not see why we should borrow to fund special intervention programme (N500 billion) which really is school feeding, it is unnecessary political luxury.

CONSTITUTIONALITY OF THE BUDGET

13. Having discussed the budget, let us now go to the Nigerian constitution section 80(1), 80(2) and section 81(1), 80(2) to ascertain the basis.

80 (1) – All revenues or other monies raised or received by the Federation (not being revenues or other moneys payable under this Constitution or any Act of the National Assembly into any other public fund of the Federation established for a specific purpose) shall be paid into and form one Consolidated Revenue Funds of the Federation.

80 (2) – No moneys shall be withdrawn from the Consolidated Revenue Fund of the Federation except to meet expenditure that is charged upon the fund by the Constitution or where the issues of those moneys has been authorised by any Appropriation Act, Supplementary Appropriation Act or any Act passed in pursuance of section 81 of this Constitution.

81 (1) – The president shall cause to be prepared and laid before each House of the National Assembly at any time in each financial year estimates of the revenues and expenditure of the Federation for the next following financial year.

81 (2) – The heads of expenditure contained in the estimates (other than the expenditure charged upon the Consolidated Revenue Fund of the Federation by this Constitution) shall be included in a bill known as an Appropriation Bill, providing for the issue from the Consolidated Revenue Fund of the sums necessary to meet that expenditure and the appropriation of those sums for the purpose therein.

It is clear to me in section 81(1) and (2) that only the President can cause to be prepared and laid before the National Assembly the estimates of Revenue and Expenditures of the federation. It is also clear to me that the expenditures contained in the estimates shall be included in the Appropriation Bill which provided for the issue from the Consolidated Revenue Fund (CRF) the sums necessary to meet the expenditures and appropriation of those sums for the purpose specified there in. It is also clear in section 80(1) that all revenues or moneys raised or moneys received by the federation must be paid into and form one Consolidation Revenue Fund of the federation.

14. What is not however clear is whether the expenditure in the Appropriation Bill in section 81(2) can exceed the amount standing on the credit of CRF. In other words, does the constitution envisage that at worst the country must produce a balanced budget? If the expenditure in section 81 (2) exceeds the amount in CRF how should the overdrawn amount (deficit) be treated. Can we assume that we must borrow to fill the gap? Or must the constitution tell us to do so? What would the position be if there is a surplus? We need guidance on this.

ACT OF NATIONAL ASSEMBLY

15. This brings us to the question as to whether the National Assembly can alter the Appropriation Bill prepared in accordance with the provision of section 81(2) of the constitution and laid before the assembly in accordance with section 81(1). It has been observed that the national Assembly is fond of changing the estimates prepared by the President particularly the benchmark for oil prices and reallocating the increased amount available for distribution. Even in time of falling oil prices, benchmarks for oil prices is increased and the additional revenue there from is used to increase expenditure rather than in reducing the budget deficit and ultimately the borrowing. This is a case that should be tested in the courts. However on the face of it, only the President can be caused to prepare the estimates to be laid before the Assembly. The assembly itself cannot prepare a completely new estimate and lay same before itself. I believe that the assembly is nowhere in the constitution allowed to change the estimates prepared by the President. The best it can do is to discuss and agree any proposed changes with the President who will now cause a supplementary budget to be prepared and laid before the assembly in accordance with section 81(4) of the constitution.

CAPITAL EXPENDITURE

16. The capital expenditure is N2.06 trillion or 30% of the total expenditure N7.3 trillion. Again the whole of the capital expenditures is funded by borrowings. The country should be aiming at 50% – 55% allocation to capital expenditure. The 30% which is an improvement on 16% allocation in 2016 is commendable. We should increase power generation and distribution and bring back industries that have fled the country because of power shortage. Companies such as Mitchelin, Dunlop, Cocacola that had fled to Ghana because of power shortage can have ripple effect on the economy if they can be persuaded to come back.

FISCAL/MONETARY POLICY MINISTERIAL COMMITTEE

17. As I mentioned earlier, the present recessions is as a result of the breakdown of our monetary policy and we have seen it coming since 2007 when the Central Bank Act was altered to include fiscal policies. I do not know whether since 2007, the Governor of CBN has sat on the same table to discuss and coordinate fiscal and monetary policies with the Ministers of Finance and Planning. There is need for the formation of a strong fiscal/monetary policy Ministerial Committee that will comprise of:

- ➔ Minister of Finance – *Chairman*
- ➔ Minister of Budget and Planning
- ➔ Minister of Trade and Investment
- ➔ Governor of CBN.

This committee will be responsible for the effective monitoring, coordination and implementation of fiscal and monetary policies for the development of the economy. This committee is needed at this time of recession and should meet regularly. ●

★ *Etubom (Dr.) Anthony A. Ani, MON, OFR, FCA (PP), former Minister of Finance, delivered this paper at the ICAN Economic Discourse Series.*

Accountants Should Collaborate with Govt to Plug Financial Loopholes — **Eze Okoro**

Professional Accountants have been called upon to always collaborate with all arms of government to plug financial loopholes through which the country's wealth is siphoned.

The call was made in Mbaise, Imo State by the traditional ruler of Mbaise, His Royal Majesty, Eze Chidume Okoro, while receiving the 53rd ICAN President, Ismaila Zakari, who paid him a courtesy visit in his palace.

"Accountants should not compromise the integrity and ethics of their profession. Use your positions to drive the message of integrity and accuracy. Your high profile of professionalism is appreciated by Nigerians. Continue to project the image of your Institute in a good light," he stated.

Eze Chidume Okoro also called on the National Assembly to promulgate protective laws that would safeguard whistleblowers, either they are accountants or not, he appealed that the issue of kidnapping, insurgency and robbery should be tackled headlong because they were all by-products of corruption in the society.

Earlier, the ICAN President had explained that he was in the state to have first hand information about how members of the Institute were faring and how they relate with their employers.

He expressed appreciation that the information he gathered was palatable due to good relationship between the members and their employer. He appealed further that the employers should continue to pay attention to the welfare of the members of the Institute by exposing them to continuous professional training to sharpen their skill.

Equip ICAN Members for the Job Ahead — **Henry Egbiki**

The Institute has been urged to equip its members technologically to counter topical issues like digital problems that are prevalent around the world in order for members to remain relevant.

This was made known to the 53rd President of the Institute, Isma'ila Zakari by the Regional Managing Partner West Africa of Ernst & Young (EY), Mr. Henry Egbiki in his office during ICAN visit to EY recently.

Egbiki observed that digital challenges in the area of technology for most economies have become an issue for concern particularly for professionals like chartered accountants, noting that this was the time to be valuable and relevant through appropriate trainings.

According to Egbiki, "the role we play matters because a lot of people rely on us, this is the time to be valuable and remain relevant. The culture of integrity should not depart from our domain. As professionals, we cannot remain where we are, how we respond to these topical issues and how we equip our members will go a long way in the ever changing environment".



ICAN President, Isma'ila Zakari; HRM Eze Chidume Okoro and his wife Adaku

He said that supporting one another is one way of capacity building, noting that this can be achieved through Peer Review. He observed that the inclusion of members of the big 4 firms in the Institute's affairs since many of them have the willingness to serve should not be overlooked.

Similarly, the Chief Executive Officer Deloitte, Mr. Fatai Folarin has assured the President of his firm's continued support to the Institute. He said the firm has come a long way in investing in capacity building and sustaining the accuracy of the profession.

He reiterated the need to have experienced members particularly those from the big 4 firms to have a space to serve in the Governing Council, this way, they would provide their technical expertise to the Institute.



ICAN President, Isma'ila Zakari; Regional Manager (West Africa), Henry Egbiki; and ICAN Vice President, Razak Jaiyeola during ICAN's visit to Ernst & Young

ICAN President Tasks SWAN on Exam Malpractices, Sexual Harassment

Members of the Society of Women Accountants in Nigeria (SWAN) have been advised to develop programmes to enlighten female students and women alike, against examination malpractices and sexual harassment in the society.

The President of the Institute, Isma'ila Zakari made the appeal while playing host to the Executive members of SWAN who paid a courtesy visit to his office in Lagos on Wednesday, October 4, 2017.

He condemned the situation where examination malpractice was gaining ground even from primary school till tertiary level, adding that some parents were also conniving with school authorities to perpetrate the evil. "One thing I want SWAN to pursue right now is how to tackle examination malpractices among students. The rate is becoming alarming to the extent that some parents are even conniving with school authorities to encourage it. I also want SWAN to tackle sexual harassment of women in our society. SWAN can fashion out programmes that will work against all these social evils in our society."

"I therefore advise that SWAN should work against examination malpractice going on in WAEC, NECO and JAMB examinations. Unethical practices are the bane of success in this country. We need to condemn and tackle it," he expressed.

Speaking further, Zakari advised the SWAN to think of how to improve the skills of its members to make them employable or become good entrepreneur as government alone could not do everything. According to him, "women education is very important because if women are educated, the nation is educated and our women should not turn themselves to baby factory". He called on members of SWAN to also pick interest in how the country is being governed.

Earlier, the SWAN Chairperson, Mrs Folake Onabolu had told Zakari that her Exco members were in his office to formally congratulate him and welcome him to office as the 53rd ICAN President.

While thanking him for his support to SWAN over the years, Onabolu promised SWAN's continued support for ICAN's course, adding that members of SWAN were ready to serve the Institute in any capacity.

Ambode Pledges Support for ICAN

The Executive Governor of Lagos State, Mr. Akinwumi Ambode, has promised his unflinching support for the Institute of Chartered Accountants of Nigeria (ICAN). He gave this confirmation when he received the Institute's team led by the 53rd President, Isma'ila Zakari, during a courtesy visit in Lagos recently.

Ambode, a Fellow of the Institute expressed his gratitude to



SWAN Chairperson, Mrs. Folake Onabolu with ICAN President, Isma'ila Zakari

the Institute for grooming him and numerous other members who have used their professional skills for the benefit of the various sectors of the economy, noting that the nation can only be rescued at this time of economic distress by these seasoned professionals.

According to him, the services of skilled and knowledgeable professionals at the helm of affairs in his cabinet saved the state from the stress brought about by the current recession. He therefore urged the Institute to continue to produce members that will contribute greatly to the development of the nation.

"It is valuable knowledge being a Chartered Accountant. ICAN has stood the test of time and has done very well in grooming members who have been of tremendous help to the state and the nation at large", he said.

He assured the President of the state's continued support to the Institute especially in the area of youth empowerment.



Lagos State Governor, Akinwumi Ambode, FCA presenting a souvenir to ICAN President, Isma'ila Zakari during a courtesy visit to the Governor's office

ICAN Inducts 1,519 New Members

The newly inducted members of the Institute have been charged to improve on their professional skills through continuous training and learning in order to remain relevant in the ever changing and dynamic economy. This advice was given by the President of the Institute, Isma'ila Zakari at the 60th induction ceremony for new members in Lagos recently.

In his address at the occasion, the President advised the 1,519 new members to take advantage of the Institute's provisions for further learning, which is not limited only to the Mandatory Continuing Professional Education (MCPE) programmes, but also programmes of the specialist faculties which has been created to provide technical support for members in the discharge of their duties.

'Due to the dynamic nature of the market, skills acquired today risk losing their relevance far more quickly than in the past.

For you to continue to remain relevant in the scheme of things, it is therefore imperative, in my view, that you actively participate in the MCPE programmes and also join any of these Faculties you consider most relevant to your needs,' he said.

He noted that the Institute's code of ethical conduct though has local application they nevertheless conform to internationally



An Inductee with special need receiving his certificate scroll from ICAN President

accepted standards. He said, 'the Institute will not condone any professional misdemeanour on the part of any Chartered Accountant irrespective of how highly or lowly placed in the Profession or Society. Since we do not have any sacred cow, the machinery of the Institute's Disciplinary processes would be brought to bear on all such deviant cases. I pray that the good Lord will continue to direct your actions right so that you do not run foul of the Institute's Rules'.

On her part, the Guest Speaker, Dr. (Mrs.) Catherine Okpareke, a Past President of the Institute said the stage was set for the country to take its destiny in its hands in view of the economic challenges in recent time, noting that there should be a radical movement in developing the indigenous African economic strategy.

She urged the new members to further improve themselves particularly in the area of competence and skill in order to contribute meaningfully in all sectors of the economy.



Cross-section of inductees

ICAN Bids Olabisi Omidiora Farewell

The 53rd President of the Institute, Isma'ila Zakari, the Governing Council, Past Presidents, Members and Management Staff on Tuesday, November 7, 2017 assembled at the Institute's Secretariat in Victoria Island, Lagos to bid one of its past Presidents, **Late Johnson Olaobaju Olabisi Omidiora BSc, OON, FCA** farewell. Balogun Omidiora who died on Monday, September 18, 2017 was ICAN President from 1987-1988.

In his speech at the special Council meeting held in his honour, Zakari described late Omidiora as an achiever who had lived a fulfilled life. According to him, no matter what anybody does, the departed soul could not return but what matters was the legacy he left behind.

His words: "We are pained to the marrow, even though we know that if we grieve for a whole year, the departed could not come back and death as we know, is unavoidable. It will come when it will. It is highly incontrovertible that we came to this world one day and we shall leave one day. It is not life that matters but the courage you bring into it and what you achieved while alive".

"Let it be clear to all of us seated here today that it is not the number of years we spend in life that matters but the indelible footprint left in the sand of time in the service of God and mankind that is of great importance".

"Past President Omidiora would be remembered as one of those who left an indelible footprint in the sand of this great Institute, the Institute of Chartered Accountants of Nigeria".

Balogun Omidiora was born in the ancient city of Ile-Ife on Thursday, 12th March 1933. He had his secondary education at Oduduwa College, Ile-Ife. He was academically outstanding and equally an outstanding athlete in the 400 meters race. As a testimony of his sterling quality and brilliance, he was made Senior Prefect in his form 5 over and above form 6 students.

In 1953, Chief Omidiora left Oduduwa College with a Grade 1 in the then Overseas Cambridge School Certificate Examination, with exemption from London Matriculation, one of the few Senior Prefect of the College to



Johnson Olaobaju Olabisi Omidiora

do so.

He gained admission into the famous London School of Economics (LSE) in 1959 where he graduated with a B.Sc. Honours Degree in Economics in 1962 specialising in Accounting, after obtaining his GCE Advanced Level Certificate with distinction from the North Western Polytechnic London. He was also educated at University of Chicago, Achridges Management College and General Management College at Four Acres U.K.

He firmed up his Economics degree with a three years articleship with a firm of Chartered Accountants, Gilbert, Halle and Eglinton, on Canon Street, London. In 1966, he was admitted a member of the Institute of Chartered Accountants in England & Wales thereby ready for a career in accounting. He promptly gained employment

with the UAC while he was in London in April 1966.

In UAC of Nigeria Plc, Balogun Omidiora had a distinguished career spanning twenty-three years, eight of which were spent on the Board of the conglomerate. Starting as an accountant with Kingsway Chemist Nigeria Limited in 1966, he rose rapidly through the system and acquired a number of "first" within the group, by becoming the first Nigerian General Manager of R&A Services Division of UAC, the first Nigerian Headquarters Accountant of UAC Group and crowning it as the first Nigerian



ICAN President with the children of the deceased

Chief Accountant of UAC Group of Companies and the first Nigerian Financial Director of the company.

He retired from the company in October 1988 and set up the accounting firm of Olabisi Omidiora & Co, a firm of Chartered Accountants with its head office at Western House Lagos. He is also the Chairman and Chief Executive of Comas Management Advisory Services, a firm of Corporate and Management Consultants.

Balogun Omidiora's tenure as the first Nigerian Headquarter Accountant of UAC provided him a most remarkable opportunity for the application of his professional knowledge, and skill to the old but well tried accounting system of UACN and a golden opportunity to show that what an expatriate accountant can do, a Nigerian can do it well and better.

Omidiora is not only a successful career man in UAC of Nigeria but he has adequately projected himself in social, public and professional circles in the country. He was in 1987 appointed the Chairman of WemaBod Estates Limited a subsidiary of Odua Investment, a capacity in which he served till 1990.

Between 1991 and 1994 he was for two consecutive times the Chairman of Ogun/Osun River Basin Development Authority, a Federal Government Parastatal, responsible for starting the construction of the four billion Naira Middle and Lower Ogun Irrigation Scheme and for the completion of Ikere George Dam Project in Abeokuta.

Balogun Omidiora's foray goes beyond his primary professional constituency to touch on many aspects of business, particularly in Telecommunication and Insurance. He was for many years a director of New Line Insurance Company Limited and a pioneer director and Vice Chairman of Multi-Links Telecommunications Limited, the first private Wireless Telephone service company in Nigeria.

In recognition of his outstanding achievements in his career and contribution to the growth, development and love of his town, he was conferred with the prestigious title of Balogun of Ife in April 1996.

He was awarded the national honour of the Order Officer of Niger (OON) by the former Nigerian President, Chief Olusegun Obasanjo in December 2001 and the 2003 Osun State Merit Award for excellence. As a committed Christian, Balogun Omidiora was the Life Lay Deputy President of Ife Diocese and Baba Ijo of St. Peters Church, Irewo, Ife. Until his death, he was the Chairman of the Ife Council of Honorary Titled Chiefs.

Balogun Bisi Omidiora was co-opted to the ICAN Council in 1978 and was elected to the Council the following year unopposed. He became the 23rd President of ICAN on 29th May 1987.

Balogun Omidiora's tenure as the President of ICAN was a busy

one. He represented the Institute at the centenary celebration of the Founding of the American Institute of Public Accountants (AIPA) held in New York in August 1987.

He focused on the need to promote the image of the Institute which he was able to achieve through effective communication, with the government and the public, service to the profession, the Institute and Financial Community.

He was a visible and vocal president whose words, opinion and pronouncement carried weight and respect among his colleagues, state and Federal Governments. He advocated and was the first to foster the new concept within the governments of **Accountability** and good financial control through the use of Chartered Accountant in the private and public sectors. During his year, the Institute was held in high esteem and became better understood by the public, growing stronger in prestige and status



ICAN President, Isma'ila Zakari (middle) with Past Presidents of ICAN and Omidiora's children

thereafter.

The Institute prize for the Best students in the final examinations of B.Sc Accounting in the four of the older Universities offering accountancy as a course was established by him. His Council also approved the establishment of a Research Programme in the subject of Public Sector Accounting in two of the Universities during that year.

Borrowing a leaf from the American Institute of Public Accountants during his visit to New York for the Centenary celebrations of the AIPA in 1987, he returned to Nigeria to establish the **ICAN Merit Award** in March 1988 for outstanding service to the profession in two categories – membership and non-membership. The Award has remained an annual event since then. For his services and commitment to the Institute and contribution to accounting profession Balogun Omidiora was awarded the **ICAN Gold Merit Award** in October 2007.

The review of the Institute examination syllabus was commissioned during his year to include in particular the study of Public Sector Accounting in the new syllabus. He was privileged during his year of office to launch three textbooks written by members on Accounting and Taxation and to stimulate the interest of students in the subject, and established Balogun Omidiora prize for the best student on Public Sector Accounts at the Institute final examination. He is the author of "**Birth of a**

Dream” his autobiography 2003 and **“Ile-Ife in the Hierarchy of Yoruba Race”** 2010.

Although he retired from the Council of the Institute in May 1990, he remained closely associated with the affairs of the Council and the Institute till his last day on earth.

It is worthy of note, his contribution with the doyen in the initiation and formation of the Body of Past President, the constitution of which he was privileged to draft jointly with Chief Sola Faleye, FCA. He was the Chairman of the Body of Past Presidents of ICAN 2013-2015.

Balogun Omidiora was married to late Princess Eyinade Omidiora, the daughter of Sir Adesoji Aderemi the late Ooni of Ife and the first Africa Governor of Western Region Nigeria.

The marriage contracted in London was blessed with five children two of whom are also Chartered Accountants, holding top accountancy positions.

Balogun Omidiora was a very successful and highly fulfilled Chartered Accountant in Industry and in practice. A renowned administrator, respected role model of integrity, discipline and humility. ●



Lady Ngozi Okonkwo (left); Hon. Nasiru Muhammadu; Dr. Ahmed Kumshe; Rev. Samson Disu; Mrs. Aina Bamgbose; Navy Capt. Godwin Obaje during their swearing in as ICAN Council members



ICAN Registrar/Chief Executive, John Evbodaghe (left); 2nd Deputy Vice President of ICAN, Onome Joy Adewuyi; ICAN President, Isma'ila Zakari; Co-Chair of 20th World Conference of Accountants 2018 Organising Committee, Olywny Connolly; and ICAN Vice President, Razak Jaiyeola



Registrar/Chief Executive, ICAN, John Evbodaghe (left); Past President of ICAN, Major-General Sebastian Iwuama (retd.); ICAN President, Isma'ila Zakari; 2nd DVP, Mrs Onome Joy Adewuyi; and ICAN Vice President, Razak Jaiyeola at the 2017 IFAC Council and Board meetings in Brussels

ICAN Member Emerges Akarigbo and Paramount Ruler of Remoland

ICAN President Isma'ila Zakari, mni, FBR, FCA, has expressed happiness at the emergence of a chartered accountant Oba Victor Babatunde Ajayi, FCA as the next Akarigbo of Sagamu and Paramount Ruler of Remo land, after the demise of his immediate predecessor, Oba Michael Adeniyi Sonariwo, FCA who was also a very senior member of the accountancy profession.

Zakari who stated this when he paid a courtesy visit to the Akarigbo-elect recently said the number of chartered accountants in Nigeria was inadequate considering her population. He therefore implored the paramount ruler to help spread the gospel of accountancy in his immediate environment.

He solicited the support of the oba to raise more Chartered Accountants in his domain adding that he expected his Royal Majesty's sterling qualities as a leader, father and member of ICAN to go a long way in influencing the youth of his locality to embrace accountancy profession as a career.

The Akarigbo welcomed the President and his team and promised to do all he could to contribute to the development of Accountancy in his area of influence. Oba Victor Babatunde Ajayi is the chairman of ICAN Insolvency and Corporate Re-Engineering Faculty and the Vice President of Business Recovery and Insolvency Practitioners Association of Nigeria, BRIPAN. The Akarigbo-elect is also the Managing Partner of Babington-Ashaye & Co, a reputable Lagos-based firm of Chartered Accountants.

Zakari Advises NPA on its Audited Accounts

The Managing Director of Nigerian Ports Authority (NPA), Hazida Bala Usman has been advised to ensure that the audited accounts of the organisation are ready by the end of its financial year.

This advice was given by the 53rd President of ICAN, Mallam Isma'ila Zakari who paid a courtesy visit to the headquarters of NPA while on a one day official visit to Lagos and District Society of the Institute.

While commending the NPA boss for the colossal contributions she has made within a short period, the President said she should ensure that the accounts of her own tenure should be prepared while tackling the backlog of overdue unedited accounts she inherited.

Zakari said he was particularly impressed by the positive reports given about the chartered accountants in the employment of the organisation who have contributed greatly to the turnaround recorded so far, noting that more can be achieved if the members are given relevant trainings and technical support.



Mr. Wale Raji (left); ICAN Vice President, Razak Jaiyeola; ICAN President, Isma'ila Zakari; and the Akarigbo, Oba Victor Babatunde Ajayi, FCA

In another development, the President has also urged the management of Heirs Holding to partner with the Institute and engage more chartered accountants.

The Chief Executive Officer of the organisation, Mr. Emmanuel Nnorom whose organisation is involved in long term return in



ICAN President, Isma'ila Zakari with the Managing Director of Nigerian Ports Authority, Hazida Bala Usman

creating social economic development, assured the President of the organisation's readiness to partner with the Institute to contribute to the good work it is doing.

APPOINTED:

★ **Mr. Oyetunji Oyefemi Oyelami, FCA**, as the Dean, Faculty of Financial Management Studies, The Polytechnic, Ibadan. The appointment took effect on November 1, 2017.



Some participants at the USA conference with the ICAN President, Isma'ila Zakari

ICAN USA District Holds 4th International Conference

The United States of America (USA) and District Society of ICAN held its 4th International Accountants' Conference from August 23–26, 2017 in Los Angeles, USA. The theme of the conference was ***“Effective Management of State Resources – Accountants’ Perspectives”***.

The lead speaker at the conference was Dr. Adeyemi Dipeolu, special adviser to President Muhammadu Buhari on Economic Matters who spoke on the topic ***“Nigeria’s Economic Outlook: Prospect and Challenges”***. According to him, Nigeria’s Economic Recovery and Growth Plan (ERGP) has three pillars namely Restoring and Sustaining Growth; Building a Globally Competitive Economy; and Investing in the People.

He explained that the growth plan targets six sectors namely: Agriculture, Manufacturing, Solid Mineral services, Construction and Real Estate as well as Oil and Gas. The second plan on investing in people seeks to increase social inclusion, job creation and youth empowerment as well as Human Capital Development, while investing in Agriculture and improving the Nigerian business environment is the target of the third plan.

The presentation also gave an overview of the performance of the Nigerian economy in 2016 as a context for the adoption

of the Economic Recovery and Growth Plan (ERGP). It outlined the essential elements of the ERGP including its principles, pillars, execution priorities, sectoral pillars and enablers. It also gave some insights into innovative elements in the Plan and expected outcomes by 2020.

The conference also had a presentation on ***Security Blocking and Tackling*** by Lawrence McClelland. The session covered the major security risks affecting businesses, tools for security protection, differentiated between various security tools

and listed the fundamental security tools needed to protect firms and improve security. He also presented a session on Microsoft Excel Data Models which demonstrated effective use of Excel in business analysis.

Mr. NAT Cole spoke on ***Enterprise Risk Management (ERM)***. This paper covered the definition of ERM, importance of ERM, ERM Frameworks, COSO ERM, Issues to Address to Determine Key Risks, Key Risk Indicators, Risk Appetite, Risk Tolerance and Portfolio of Risks & Risk Profile.

Other papers presented included ***Evolving Role of Accounting Professionals in the Digital and Automation Era*** by Yinka Adeyemi. The session focused on the evolving role of Accountants as a result of automation, globalisation and changing business needs. The impetus for the evolution of the Accountant’s role was reviewed in detail. The session took an in-depth review of the new skills every Accountant needs to develop and how to ensure mastery of these skills.

Mr. Tolu Akin-Olugbemi presented a paper on ***Robotics Process Automation in Finance***. The presentation included definition of Robotics Process Automation, reasons for implementing Robotics Process Automation, Robotics Process Automation Use Cases in Finance, Limitations of Robotics Process Automation and Steps to implementing Robotics Process Automation.

There were also presentations on ***“The Accountant as an Enabler of eProcurement in the Public Sector”*** by Dr. Ezi Mecha and Ethics by the Registrar/Chief Executive of the Institute Mr. John Egbodaghe FCA.

Four members of the USA district were also conferred with the Fellowship status of the Institute by the ICAN President Isma'ila Muhammadu Zakari. They are: Akinyele Ebenezer, FCA; Abolurin Olugbenga, FCA; Olajire Adebukola, FCA; and Rufus Monday, FCA.

The ICAN USA Chairman Mr. Timi O. Oyediran earlier in his speech emphasised the importance of Effective Management of State Resources for the Nation’s Future. He advised the delegates to help initiate positive actions towards the progress of our Nation. He encouraged members to be Ambassadors for the ICAN brand in their communities.



ICAN President with the new Fellows

FROM OTHER BODIES

IPSASB Chair Ian Carruthers Reappointed

The International Public Sector Accounting Standards Board (IPSASB) is pleased to announce the re-appointment of its Chair, Ian Carruthers, for a second three-year term commencing January 1, 2019. As Chair, Mr. Carruthers will continue to lead the Board as it establishes high-quality accounting standards for use by public sector entities, promote adoption and implementation of International Public Sector Accounting Standards (IPSAS), and issue guidance on public sector financial reporting. The Nominating Committee reappointed Mr. Carruthers earlier in his tenure than usual to ensure leadership continuity as global adoption of IPSAS continues to advance.

“Mr. Carruthers has been an exemplary leader of the IPSASB, improving the strategic focus of the Board and efficiency of its activities, and deepening stakeholder relationships,” said James Gunn, Managing Director, Professional Standards. “Ian’s reappointment is welcomed at this important period for the IPSASB, and will help ensure continuity in dialogue with stakeholders as adoption decisions are considered in key nations and regions over the coming years.”

“I am honoured to have been reappointed to continue to lead the IPSASB in helping to strengthen public sector financial management globally,” said Mr. Carruthers. “As IPSASB celebrates 20 years of standard setting, we are now addressing some of the most challenging public sector accounting issues, while ensuring our existing standards continue to suit the increasing complexity faced by the sector. We are also continuing to raise awareness of the benefits of adopting the standards for public sector accountability, transparency and sound decision making.”

After spending the first part of his career in PwC’s public sector practice, Mr. Carruthers joined HM Treasury in 1999, where he played a key role in the UK Government’s transition from cash to accrual budgeting and reporting, in particular leading its Whole of Governments Accounts program.

IPSASB Seeks Comments on Social Benefits Accounting Proposals

The International Public Sector Accounting Standards Board (IPSASB) has released for public comment Exposure Draft (ED) 63, *Social Benefits*, which addresses accounting for the delivery of social benefits, such as retirement, unemployment, and disability.

These proposals aim to improve consistency, transparency, and reporting by public sector entities of social benefit schemes, which account for a large portion of government expenditure in most jurisdictions. Existing International Public Sector Accounting Standards (IPSAS) do not provide requirements or guidance on how to account for social benefits, leaving users without the information needed to assess government performance.

“Social benefits are a major expenditure for most governments,

and the absence of an IPSAS standard for these programs is a noted gap in the Board’s literature,” said IPSASB Chair Ian Carruthers. “The proposals in ED 63 will enhance accountability and transparency and improve decision making in this critical public interest area.”

ED 63 defines social benefits and proposes requirements for the recognition and measurement of social benefit schemes. It also proposes disclosure requirements that provide additional information for users to evaluate the effect of social benefits on future government finances.

How to Comment

To access the Exposure Draft and its summary At-a-Glance document, or to submit a comment, visit the IPSASB website at www.ipsasb.org. Comments on the Exposure Draft are requested by **March 31, 2018**. The IPSASB encourages IFAC member organisations and regional accountancy organisations to promote the availability of this Exposure Draft to their members and employees.

Morocco, Italy & Pakistan Representatives Elected as IFAC Board Members

The International Federation of Accountants (IFAC) is pleased to announce that three new Board Members were elected, and two Member Organisations and one Associate Organisation were admitted to the organisation, at its 40th Annual Council meeting.

Three new IFAC Board Members are:

- **Asmâa Resmouki**, Morocco, nominated by Ordre Des Experts Comptables;
- **Elbano De Nuccio**, Italy, nominated by Consiglio Nazionale Dei Dottori Commercialisti Degli Esperti Contabili; and
- **Yacooob Suttar**, Pakistan, nominated by the Institute of Chartered Accountants of Pakistan.

Two existing IFAC Associates were admitted as Members:

- **Association of Accounting Technicians of Sri Lanka**, sponsored by the Institute of Chartered Accountants of Sri Lanka;
- **Institute of Certified Accountants of Montenegro**, sponsored by the Slovenian Institute of Auditors.

Also, a professional accountancy organisation was admitted as an IFAC Associate:

- **Lithuanian Association of Accountants and Auditors**, sponsored by the Lithuanian Chamber of Auditors.

“We are delighted to welcome our newest Board Members, as well as two Member Organisations and an Associate,” said IFAC President Rachel Grimes. “Our Board Members bring passion and experience from their home countries to support the global accountancy profession in the public interest.”

When IFAC was founded in 1977, it had 63 founding members. Today, we have more than 175 members. This tremendous growth has been made possible by thousands of volunteers — who like today’s Board and Committee Members and their Technical Advisors — are committed public interest champions,” she said.

IFAC’s Council meeting this year brought more than 100 members and associate organisations from around the world to Brussels. The next Council meeting will take place in Sydney, Australia, in November 2018, to coincide with the 20th World Congress of Accountants. ●

DIRECTORY OF DISTRICT SOCIETIES/ CHAPTERS CHAIRMEN & SECRETARIES

AS AT NOVEMBER 01, 2017

DISTRICT SOCIETIES

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<i>S/N</i>	<i>NAMES</i>	<i>CHAIRMEN</i>	<i>SECRETARIES</i>
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Small & Medium Scale Enterprises Development and Entrepreneurship Education in Nigeria

By AYOZIE DANIEL OGECHUKWU

A business whether small or big, simple or complex, is created to provide competitive prices. Government all over the world are turning to small and medium scale enterprises (SMEs) as a means of economic development and a veritable means of solving employment problems to which Nigeria is not an exemption.

The objective of this study is to find out the major role entrepreneurship education plays in the management of enterprises in Nigeria. The methodology adopted is the review of literatures and findings show that entrepreneurs are dynamic force in Nigeria, envisioning the possibilities for new types of economic activity to realise their vision.

The paper concludes that entrepreneurship education should be introduced at all levels of tertiary institutions in Nigeria up to government secondary schools called Unity schools.

Keywords: *Small and Medium Scale Enterprises (SMEs), Small Scale Business, Entrepreneurship, Entrepreneur, Entrepreneurship Education.*

How can SMEs in Nigeria practice Entrepreneurship Education? How is it different in scope and operation?

There is no universal definition of entrepreneurship education. Organisations and researchers have framed different definitions as well and there are several perceptions of the term according to the context locally and among the countries.

Cases and causes of high unemployment, public sector retrenchment, downsizing in corporations, etc, self-employment and small enterprise promotion are high on the agenda of virtually

every country, and most especially in Nigeria now, hence the need for entrepreneurship education and training.

Every year, thousands of school leavers join the labour market in search of gainful employment. The youths who are about 70% of the population in a developing country like Nigeria are the worst hit.

The challenge of many societies is not only of tackling the unemployed and underemployed populace but also absorbing the new entrants from all the institutions of learning. As a consequence,

policy makers are concerned about re-orientating education and training systems to prepare learners for a situation where formal wage employment may not exist, and self employment will be the way out. Hence, Entrepreneurship Education is aimed at learning directed towards developing in the student skills competencies, understanding and attributes that will equip students to be innovative and to identify, create, initiate and successfully manage personal, formal, local, international community business and work opportunities, including working for themselves and starting their own business successfully (Ayozie, 2015).

Nigeria's business opportunities have increased tremendously as the political system becomes increasingly stable, especially with the advent of democracy in 1999. The era of private sector-driven investment has just arrived. Nigerian ex-Presidents, Olusegun Obasanjo, Umaru Yar'adua, Goodluck Jonathan and incumbent President Muhammadu Buhari had set an ambitious goal: they want Nigeria to become one of the world's top 20 economies by 2020 (Vision 2020). Nigeria will need to increasingly globalise education in two key areas: Information and Communications technology, and entrepreneurship (Entrepreneurship Education).

A business whether small or big, simple or complex, private or public, is created to provide competitive prices. Business in Nigeria has been classified as small, medium and large. However, a small scale industry can be explained by the criteria of project costs, capital, number of employees, sales volume, annual business turnover and the financial strength. The federal and state ministries of Industry and Commerce have adopted the criterion of value of installed fixed capital to determine what a small scale industry is. In this respect, the value has varied from N60,000 in 1972, N159,000 in 1975, N250,000 in 1979, N500,000 in 1986, to a fixed investment of not more than N2,000,000 in 1992 and N5,000,000 in 2003 and beyond. This figure is exclusive of land and building and subject to government determination and the prevailing objectives of public policy. In the wake of various outstanding economic policies, and economic meltdown, this value has now been reviewed and subsequently, increased to between five million naira, and ten million naira only. These businesses are managed by Entrepreneurs who must have the required education to survive in the competitive business environment.

Historical Development and Orientation of Small Scale Industry in Nigeria

Small scale industry orientation is part and parcel of Nigeria. Evidence abound in the respective communities of what successes Nigerians made of their respective trading concerns, yam barns, iron smelting, farming, cottage industries and the likes.

Pre-Independence Historical Development (Before 1960)

Prior to Nigerian Independence, the business climate was almost totally dominated by the Colonial and other European companies like the United African Company (UAC), GB Olivint, Lever Brothers Nigeria (now Unilevers Plc), Patterson Zochonics, Leventis, Chellarams, Kewallarams and many others. These companies primarily engaged in bringing into Nigeria finished goods from their parent companies overseas. They have vast business experience and strong capital base, and dominated the Nigerian economy. The government of those days encouraged

them to become stronger by giving incentives as favourable tariff and tax concessions.

Towards the tail end of the 1950s, the Nigerian Industrial Development Bank (NIDB) was established to assist potential entrepreneurs to get involved in Agriculture, exploration of natural resources, Commerce and Industrial production. That period and the early 1960s saw the massive increase in Nigerian import market, while the Nigerian economy became largely dominated by very few large foreign firms.

(1965 – 1976)

A major/remarkable breakthrough in entrepreneurship and small scale business came about through the indigenisation Decree of 1972 and later in Nigeria Enterprises Promotion Act of 1977.

These were genuine attempts by the Federal Government to make sure that Nigerians play active and worthwhile roles in the development of the economy and entrepreneurship. In 1970 – 74 National Development Plan, the Federal Government gave special attention to the development of entrepreneurship and small scale industries particularly in rural areas. This was in recognition of the roles of small and medium scale industries, as the seedbeds and training grounds for entrepreneurship, and entrepreneurship education in Nigeria.

The cardinal point of the 1970 – 1974 development plans was:

- (i) Accelerating the pace of industrialisation and dispersal of industries;
- (ii) Generating substantial employment opportunities, through entrepreneurship;
- (iii) Promoting individual initiatives and entrepreneurship among the populace;
- (iv) Assisting in the establishment of small scale industries,
- (v) Developing and increasing export trade;
- (vi) Complementing large scale industries; and the
- (vii) Promotion of entrepreneurship and entrepreneurship education in Nigeria.

An amendment to the decree made in 1997 provided that in order to be economically "self-reliant", Nigerians need to learn from economic history, which is well stacked with enough insight into the humble beginnings of the present day giant conglomerates which started as small scale industries, either in Nigeria or overseas.

1977 – 1989

Within this period, the government policy measures placed emphasis on the technological aspects of industrial development of small scale industries in Nigeria. Various tiers of government within this decade embarked on corrective measures to divert efforts towards the maximum exploitation of natural resources, and tried to discourage capital intensive mode of production in the light of the abundant resources available. In this regards, the industrial policy tried to focus its attention mainly on local resources utilisation through various forms of incentives worked out by governments. Some of the basic policy strategies aimed at revitalising the industrial sector included the following:

- (a) Encouragement in the use of more local materials in the industrial development activities.
- (b) Encourage greater capacity utilisation in Nigerian industries.

In addition, in both the third and fourth national development plans, the government then tried to increase her support for and contributions on:

- (i) The establishment of research products development institute to provide a bridge between research and commercial development of results and cooperate with manufacturing establishment to adopt imported machines to Nigerian conditions and eventually develop the capacity for fabricating such machines.
- (ii) The federal institute of industrial research and other institutions as the project development agency, (PRODA) in Enugu.
- (iii) The industrial development centres (IDCs).
- (iv) The provision of funds to implement feasible projects emanating from policy paper, prepared by the Nigerian Councils for Science and Technology.
- (v) The Industrial Research Council of Nigeria is to get organised for coordinating industrial research efforts.

The focal point of these policy measures as construed placed a great emphasis on the technological aspects of industrial development and development of small scale industries and entrepreneurship in Nigeria.

It is worthy of note that the introduction of the Structural Adjustment Programme (SAP) during the Babangida in 1985 regime made matters worse for employers of labour and created a veritable ground for self-employment, entrepreneurship, and entrepreneurship education in Nigeria through the establishment of the National Directorate of Employment (NDE)

1990 – 2014

The federal and state governments have both contributed to the growth of entrepreneurship and small scale industries in Nigeria especially in the rural areas. In recent times, various fiscal and non-fiscal incentives have been established for investors and entrepreneurs in the small scale sectors of the economy. Of special mention was the strategy adopted by the federal government towards the training and motivation of the unemployed graduates, to be gainfully employed after graduation, referred to as the entrepreneurship education development programmes. Thus on the presentation of viable feasible projects, approved loans are disbursed through pre-selected commercial banks assisted by the National Directorate of Employment, and the Bank of Industry (BOI).

The Peoples Bank of Nigeria (PBN) and the Bank of Industry were also in the vanguard of granting of soft loans to unemployed youths and artisans, and this was aimed at diverting the attention of youths from government salaried jobs, to that of gainful self-employment. NDE and the Peoples Bank of Nigeria were solely charged with the responsibility of generating employment through their various programmes for thousands of unemployed Nigerians, and especially graduates of tertiary institution.

To show its seriousness, the Federal Government through its educational agencies like the National Board for Technical Education (NBTE), the National University Commission (NUC), and the National Youths Service Corps (NYSC) programme gave a directive that entrepreneurship education development courses and programmes be incorporated into the curricular of tertiary institutions and in the NYSC programmes. Entrepreneurship

education is now compulsory for all undergraduates in the polytechnics, universities and the student of federal unity colleges in Nigeria.

Definition of the Term Small Scale Business/Small and Medium Scale Enterprises (SMEs) in Nigeria

Small scale business, small scale industries and small scale entrepreneurship are used interchangeably to mean a small scale industry firm. In Nigeria and worldwide, there seems to be no specific definition of small business. Different authors, institutions, scholars, and schools have different ideas as to the differences in capital outlay, number of employees, sales turnover, fixed capital investment, available plant and machinery, market share and the level of development (Ayozie, 2007). These features equally vary from one country to another country.

The Third Nigerian National Development plan defined a small scale business as a manufacturing establishment employing less than ten people, or whose investment in machinery and equipment does not exceed six hundred thousand naira. The Central Bank of Nigeria in its credit guideline 1978, classified small scale business, as businesses with an annual income/asset of less half a million Naira (500,000). The Federal Government Small Scale Industry Development Plan of 1980 defined a small scale business in Nigeria as any manufacturing process or service industry, with a capital base not exceeding N150,000 in manufacturing and equipment alone. The small scale industries Association of Nigeria (1973) defines small scale business as those having investment (i.e. capital, land, building, and equipment of up to N60,000 pre-SAP Value) and employing not more than fifty persons. The Federal Ministry of Industries defines it as those enterprises that cost not more than N500,000 (pre-SAP Value) including working capital to set up.

There are many other definitions of what constitute a small scale business in Nigeria. According to a 2009 definition given by the Federal Ministry of Industries, a small scale manufacturing unit is, "one that has a total capital investment of up to N600,000 and employs up to 50 persons. The capital includes building, machinery, land, equipment, and working capital".

According to the World Bank, a small and medium enterprise is defined as; "an enterprise whose total fixed asset (excluding land) plus cost of investment do not exceed N10 million using the 1996 price index".

Another definition of small scale industry is found in section 376 subsection 2 of the Company and Allied Matters Act 2000 (CAMA 2000) which stipulates that an SME must have:

- (a) The amount of its turnover for that year is not more than N2 million (two million naira).
- (b) Its assets value is not more than N1 million.

The Central Bank of Nigeria (2014) in its new definition classified an SME as a firm with a work force between 30 and not more than 300 workers and a capital involvement which range between N50m and N500m excluding cost of land.

In spite of the economics of large scale production, small scale enterprises continue to exist side by side with big firms/conglomerates in Nigeria. The reason is that while small firms can compete successfully, others do not compete directly with large firms, but rather serve as a compliment to them. Small scale enterprises have a key role to play in providing the channel throughout which entrepreneurial ability of the community can be

adequately exercised (Ayozie, 2013).

Here, we try to believe that there is no universal definition of small scale industries, and even within a given economy, the definition does not remain static, for it changes accordingly in the country, as being the case in Nigeria since 1972. Some countries use the term small scale business, “small business”, while some others use “small scale enterprises or small and medium scale enterprises (SMEs)”, or “MSME (Medium and Small Scale Enterprise)”.

Generally, where the term “small business” or “small and medium scale enterprises” or “small enterprises” is used, its interpretation covers all economic activities including manufacturing, wholesales, retail trade, construction, processing, and servicing which can be regarded as small in the given economy. The need for clear and precise definition of small scale industries or small scale business could be considered from some of the confusions in the interpretations caused by multiple definitions of small scale industries or small scale enterprises in Nigeria.

In conclusion, another definition of small scale business is seen as: “An enterprise with total capital employed of over N1.5 million but not more than N50 million including working capital but excluding cost of land and/or a labour size of 11 – 100 workers.

There are many enterprises in Nigeria categorised as small business. Most of them are in the commercial sector and there is also a trend now towards the service industry, such hotels, restaurants, fast foods, etc.

Entrepreneurship in Nigeria

Africa is the poorest and least less-developed continent in the world. In most countries in Africa, the governments have typically played a significant role in determining the course of development. Many state-owned enterprises in Africa were created when it was believed that the fastest route to development occurred when the state took on the role of the entrepreneur. Unfortunately, in many countries, the performance of these state-owned firms, or parastatals, has been substandard. Part of the problem with the state-owned enterprises is that they are run by bureaucrats with bureaucratic policies, and are plagued with red-tapism, corruption, bribery, graft, inefficiency and unproductivity. Thus, these firms were typically run according to state procedures, instead of cost-cutting and profit-maximising concerns. The typical result is rampant inefficiency. Although Nigeria was at one time characterised by such inefficiencies, it has recently pursued entrepreneurship encouragement policies, and the initial indicators suggest that the policies have been successful (Alawe, 2004). State firms have now been privatised and sold off to private entrepreneurs who are better equipped to run business firms and enterprises. Government economic policies are liberalised and opened up to allow for greater private participation.

In Nigeria the state-owned enterprises traditionally clogged business opportunities and state restrictions prevented entrepreneurs from entering the market. However, in the mid-1980s and 90s, Nigeria abolished its marketing board, which prevented entry into certain industries, and opened up its markets to competition from domestic entrepreneurs. Nigeria introduced deregulation and privatisation of state-owned industries so as to promote entrepreneurship and the development of the economy. Although Nigeria is still plagued by many development problems, “preliminary evidence suggests a favourable response by the

private sector to the new entrepreneurial opportunities thus created”. The youths, retirees, old and elderly have all recognised the importance of self-employment and are capitalising on it, while a lot of foreign investors have come into the country, to either invest or buy previously state run firms, so as to increase their efficiency and profitability. The importance of entrepreneurship compelled the Federal Government, through the Federal Ministry of Education to make entrepreneurship a compulsory course for all undergraduates in tertiary institutions in Nigeria, and now in the federal government owned secondary schools (Unity Schools).

Who then is an Entrepreneur?

The word entrepreneur is derived from the French word “*entreprendre*” which means to initiate or to take action. An entrepreneur is a person who habitually creates and innovates to build something of recognised value around perceived opportunities (Ayozie, 2013). Meredith *et al* (1991) sees entrepreneurs as the people who have the ability to see and evaluate business opportunities, to gather the necessary resources, to take advantage of them, and to initiate appropriate action to ensure success.

Drucker (1987) sees the entrepreneur as the innovator who searches for change, responds to the change, exploit it as an opportunity. It means creating something new, doing something different, doing it better than what is done before. Entrepreneurs shifts resources from areas of low productivity, and do so by creating a new market and a new customer.

An entrepreneur is a person who takes the initiative or action of starting a business. He/She is described as someone who uses existing resources in a new or more productive ways either to improve existing ways of doing things, or develop a new and creative ways to meet unmet needs of the society of which she/he is a part. This is seen as the person who makes money by starting or running a business, especially when this involves taking financial risks.

An entrepreneur is someone who perceives an opportunity, finds the pursuit of that opportunity desirable in the context of his life situation, and believes that success is possible on pursuing the opportunity.

Owodolu (2011) opined that entrepreneur sees problems as opportunities, then take action to identify the solutions to these problems, and the customer will pay to have these problems solved. An entrepreneur is an individual who creates an enterprise that becomes a new entry to a market, and is someone who undertakes some products and bears some risks. Entrepreneurs are people who have the ability to see and evaluate business opportunities, to gather the necessary resources, to take advantage of them and to initiate appropriate action to ensure success. Entrepreneurs are action oriented, highly motivated people who takes risks to achieve goals.

In Stone and Freeman (1992); in Ayozie (2015) they see an entrepreneur as either the originator of a new business venture or a manager who tries to improve an organisation unit by initiating productive changes. The entrepreneur perceives opportunities that other business executives do not see or do not care about. So the major function that is specific to entrepreneurs is the ability to take the factors of production, i.e. land, labour, and capital, and to use them to produce new goods and services. The entrepreneur perceives opportunities that other business executives do not see

or do not care about.

Entrepreneurs see a need and then bring together the manpower, materials, and capital required to meet that need. Entrepreneur use available information to produce a new thing and easily identifies new business opportunities.

Finally, an entrepreneur is a person who habitually creates and innovates to build something of recognised value around perceived opportunities.

In the above definitions, some key words are to be explained:

- ▶ **Entrepreneur:** This can be an individual, entrepreneur, an entrepreneurial team, or entrepreneurial organisation.
- ▶ **A Person:** This is a personality not a system.
- ▶ **Habitually:** Just cannot stop being an entrepreneur.
- ▶ **Creates:** Starts from the scratch and brings into being something that was not there before.
- ▶ **Innovates:** Able to overcome obstacles that would stop most people. It turns problems into opportunities, delivering ideas through to final/application.
- ▶ **Builds Something:** Describes the output of the creation and innovation process.

So from the definitions, an entrepreneur is a moderate risk taker, likes converting opportunities to profit, they dislike routine activities and likes been innovative (Arthur 1992). They persevere in the face of challenges and difficulties and strives to make the business a success, they are innovative, strives to be their own boss and are independent minded, sees every situation as an opportunity to succeed, they are result oriented and shows a great leadership qualities. Admires competitiveness and sees competition as normal and a way to excel positively, does not accept no for an answer, strives to succeed in the face of difficulties, challenges and obstacles. They are future oriented and thinks ahead of their time, they work hard to do things better than they meet it and are prepared to withstand the adversities of life (Lawal, *et al* 2000). Maintaining high moral and business ethical standards as a way of life, they are consumer/customer oriented, and believes that the satisfaction of the needs and wants of a customer will guarantee business success and profitability.

Specific Problems and Obstacles faced by the Nigerian Entrepreneurs

— Poor/insufficient infrastructural facilities. There is unstable/poor power supply. Most entrepreneurs rely on personal generating sets, which makes cost of running a business to be high. The roads are bad, telecommunication and ICT facilities poor and inadequate. There are no potable pipe borne water, etc.

— It is difficult to raise the opening capital to start a business. The bank loans are very high, and in most cases the requirements for getting the loans and collaterals needed are very high. The financial difficulties limit the starting and running of a business.

— Security challenges posed by violent strike actions, armed robberies, armed and violent terrorism, kidnapping, thefts, etc making it difficult and expensive to run a business.

— Improper and poor documentation procedures by the government and by the entrepreneurs, who at times combine both personal and business activities together.

— The consumer and industrial markets, for the products are not there, not properly segmented for greater profitability.

— High rate of graft, corruption and bribery, which increases

the cost of running a business.

— Unnecessary bureaucratic procedures, slow pace of business registration and meddlesomeness by family and government members.

— Cultural/religious limitations and barriers which forbids the operation of certain business ventures.

— Double taxation by both the federal, state and local officials which increases both the cost of goods and services offered for sales, and the cost of running the business.

The Nigerian Government Participation in Small Scale Industries

That there is a kind of relationship between business and government is never a dispute, the issue has always been degree of affairs, cooperation, funding and co-operative marriage, that are existing between the two society's sub-system. In Nigeria, it is imperative for entrepreneurs and business operators to understand that manner of relationship. This is because the type of relationship that exists between the government and business goes a long way to determine the existence, growth and development of the small scale business operator. The government is a super-body that exerts enormous power in a given nation state. By this implication, it has the capacity and ability to influence almost every institution under its jurisdiction for good (Ayozie, 2013).

In Nigeria, there is an implication of a mixture of command and market determined mechanism. Hence, it is often called mixed economy but gradually moving to pure capitalism with the privatisation and commercialisation of many governments owned firms in Nigeria. The dictionary of economics (2014) defined mixed economy as an economy which contains elements of both a small, medium and large private sector, participation in business, as well as a group of large nationalised industries, some owned by the government and others by private entrepreneurs.

Especially, in these circumstances, the role of business as multi-facet, and categorised as:

- (a) Participatory role
- (b) Regulatory role.

How the Government Participates in SME Development

Where it is actually involved in and control business enterprises by owning and managing such enterprise, government acts as a business regulator with the overall aim of helping to maintain a climate of confidence, sanity and to stimulate the activities of the enterprises, so that they can have the respect for the rule of competition. Onuoha (1990) in Ayozie (2013) identified some of usual justification for government regulatory activities in business including what they hope to achieve. They are to achieve an environment permitting the enterprise to exist in an atmosphere of stability and cooperation. To fix and distribute public and social burden in a supportable and equitable manner, taking into consideration the differences in sizes of various enterprises and the economic activity of the country. To protect the interest of the consumer against exploitative actions of business or specific measures against sub-standard or dangerous products. Government control business as part of her fundamental responsibilities towards exercising her sovereign right on all activities within her jurisdiction the business inclusive. Government control of business is durable because it is one of the methods by which government

raises revenue. The revenue comes in the form of registration fee, excise duties, educational levies, taxes and tariffs. Government control business as a way of ensuring that the economy is not dominated by foreigners.

Through appropriate and calculated control, government enlarge the propensity for greater indigenous participation in economic business activities. These act of governmental control in business activities come in various forms, of which the most popular and widely used is through the instrumentality of law. Relevant laws or decrees, edicts, and statutes were often used specifically to achieve a control or regulatory objectives. For instance, the following few itemised laws and Acts among others, are targeted towards regulating business in Nigeria, with the twin objective of business and industrial development, and maintaining sanity among the business key players and operators.

- ▶ Registration of Business Names Act 1961, No. 1.
- ▶ Trade Mark Act 1961, No. 29.
- ▶ Factories Act capt. 1966.
- ▶ Exchange Control Acts 1961, No. 16.
- ▶ Nigerian Standard Organisation Acts 1971, No. 36.
- ▶ Trade Union Act 1973, No 31.
- ▶ Pre-shipment Inspection of Import Act, 1978, No. 36.
- ▶ Import Prohibition Order in 10, 1979, etc.
- ▶ NAFDAC and SON Amendment Laws, 2011, 2012.
- ▶ Various Advertising Regulatory Laws, 2011/2012.

Alawe (2004) also opined that the Bank of Industry was established by the Nigeria government in October 2001, as a result of the merger of the Nigerian Industrial Development Bank (NIDB), the Nigerian Bank for Commerce and Industry and the National Economic Reconstruction Fund (NERFUND). Its major aim is to provide necessary financial assistance and incentives for the establishment of large, medium and mostly small scale projects, and the expansion and diversification of existing industries. It engages in fund mobilisation, project appraisals, financing, implementation and investment activities. The Nigerian Agricultural Cooperative and Rural Development Bank (NACRDB) established in the year 2002, is a merger of the defunct Nigerian Agricultural and Cooperative Bank (NACB), People's Bank of Nigeria (PBN) and the Family Economic Advancement Programme (FEAP). The federal government set up the Bank of Industry limited, in October 2001. It was one of the hallmarks of the President Olusegun Obasanjo democratic government. In merged the Nigerian Industrial Development Bank (NIDB) the Nigerian Bank for Commerce and Industry (NBCI) and the National Economic Reconstruction Fund (NERFUND). From 1996 till date many Community Banks (CBs) were established as self-sustaining financial institutions. They might be owned and managed by a group of communities or a community, for the main purpose of providing credit, deposit banking and other financial incentives to its members and the SMEs. They involve SMEs, and rural development by providing credit deposit services, and the increase of the live capacities of SMEs and rural people in industry and in agriculture. The Small and Medium Industries Equity Investment Scheme (SMIEIS) was set up on June 19, 2001 and launched in August 2001. It is the banker's committee initiative which requires banks to set aside 10% of their profit before TAX, for equity investment in small and medium scale enterprises. Its main target is in the areas of Agro-allied business, Information Technology and Telecommunication, Manufacturing,

Services, Tourism, Leisure and Construction (Alawe 2004).

Nigerian Government as a Business Regulator

Governments all over the world and in Nigeria do realise and recognise the indispensability of vibrant business sector to the overall development of the national economy. Most of the laws and regulatory measures are intrinsically meant to protect and assist business. In order words, the initial regulatory function is not intended to be a punitive measure, rather it is intended to maintain a healthy rivalry, maintain sanity and stability among business, to the overall advantage of the entire business sector.

Apart from the implied facilitatory importance of the regulatory function, government specifically in so many ways through demonstrated actions, beneficial investment policies, institutions capacity building through the NYSC, SMEDAN, Universities, Polytechnics, Commercial Banks and other institutions has favourable economic and fiscal policies, protective business laws, and direct financial incentives, promote, encourage and support the growth, and development of SMEs in Nigeria. Government promote and assist business in Nigeria (Ayozie, 2013) by:

Provision and Enactment of Beneficial and Supportive Laws

- (i) *The Nigeria Enterprises Promotion Act 1977, No. 3.*
- (ii) *Patent Right and Design Act 1979, No. 60.*
- (iii) *Custom Duties (dumped and subsided good Acts No. 9 of 1959).*
- (iv) *Industrial Promotion Acts 1979, No. 40.*
- (v) *Industrial Development Income Tax Acts 1971, No. 22.*

Tijani Alawe (2004) enumerated most of other recent facilities as:

(a) The establishment of the Finance and Research Institutions in 2001, by the federal government. The research reports of these institutions are very useful to SMEs and business organisations, in their product choice decision, product development approach, product or service delivery strategies. These helps to increase business efficiency and effectiveness. The most noticeable of these institutions is the Raw Materials and Research Development Council (RMRDC).

(b) The Nigerian Government Provision of Direct Financial Assistance to Small Business Organisation through, the establishment of specific financial and non-financial institutions, for example, the Nigerian Agricultural and Cooperative Bank, Bank of Industry (2001), the Nigerian National Mortgage Bank (NINAM Bank) which is a merger of the Federal Mortgage Bank of Nigeria (FMBN) and the Federal Mortgage Finance Limited (FMFL) in 2001. The non-governmental micro credit institutions consists of finance companies and community banks, that venture into the funding of micro credit schemes for SMEs, rural women credit schemes, artisans credit schemes, and many others for small business people (Ayozie, 2013).

(c) The small and medium industries equity investment scheme (SMIESIS) established on June 19 2001, which requires banks to set aside 10% of their Profit Before Tax for equity investment in small and medium scale enterprises (SMEs).

(d) Direct Financial assistance and even loans to SMEs, through a package of subsidised or discounted loan portfolio, such as the small scale industrial credit scheme, and the NERFUND Scheme.

(e) The provision of manpower development support schemes. The government established various universities and polytechnics, to provide skilled manpower for the SMEs. It also set up specific manpower development and training institutions, such as the Centre for Management and Development, the Administrative Staff College of Nigeria (ASCON) and the Industrial Training Fund. The services and Research Findings of these manpower institutes are mainly used by the small scale business people and establishments.

(f) The establishment of government intervention strategies in 2002. This is mostly direct and indirect. Alawe (2004), Ayozie (2013) describes the direct policy as consisting of direct investment and the establishment of SMEs, promotion institutions or agencies (example: technological development institutions, credit lending institutions, technical and management institutions) and the provision of infrastructural facilities such as industrial estates, nationalisation of foreign firms and the provision of incentives and subsidies for the promotion of small and medium scale companies. Indirect public policy includes the regulatory provision, encouraging savings and reinvestment, restricting imports of consumer goods, introduction of measures that protect SMEs and the provision of various incentives and inducements to small scale industries.

(g) The provision of credit support schemes. The government through its agencies provides capital or loans on soft term basis to SMEs. In 1973, it established the Nigeria Bank for Commerce and Industry to provide soft term loans to small scale industries, it set up the National Economic Reconstruction Fund (NERFUND) in 1989 to pool funds from various sources for lending through commercial and merchant banks to small scale industries, in 1997, the Family Economic Advancement Programme (FEAP) was established as a micro credit scheme geared towards investment promotion, and poverty alleviation.

(h) The government also set up most federal polytechnics in 1979, the Administrative and Staff College (ASCON) in 1973, the Centre for Management Development (CMD) in 1973, and the Nigerian Institute of Policy and Strategic Studies in Kuru, Jos. It also set up the small scale industries and graduate employment programmes, which aims at encouraging participants, mainly young graduates to set up and own their small scale business. Recently the Nigerian Institute of Management (NIM) established a training programme in all the National Youth Service Corp orientation camp, aimed at inculcating in the Youths, the spirit of entrepreneurship. In the past, there was the graduate job creation loan scheme, and the entrepreneurship development programme, managed and supervised by the National Directorate of Employment (NDE).

(i) The establishment of industrial development centres and the industrial estate schemes, which facilitate industrialisation process and the clustering of firms for effective planning and provision of facilities.

Provision of Direct Financial Assistance to Small Business Organisation

The Nigerian Government often gives direct financial assistance to business organisation, some of the specific ways by which government gives financial assistance to small businesses are:

- (i) The establishment of specific financial institutions to serve a given or determined business factor for example the People Bank, Nigeria Agricultural and Cooperative

Bank and the Bank for Commerce and Industry.

- (ii) Direct financial assistance or loans to some business through a package of subsidised or discounted loan portfolio for example the NEBFUND Scheme and Small Scale Industrial Credit Scheme (SSICS).
- (iii) The creation and sustenance of many development and finance institutions for the purpose of providing long term funding on a generous or beneficial condition to business enterprises. The Nigerian Industrial Development Bank, New Nigerian Development Company Limited, Peoples Bank of Nigeria Limited and the Northern Investment Limited were all established to support the growth of SMEs in Nigeria.

Entrepreneurship and Nation-Building

The basic role of entrepreneurship in nation building is not just increasing per capita output and income, it also includes:

(i) **Initiating and constituting change in the structure of business and society.** The change is accompanied by growth and increased output which allows for wealth distribution.

(ii) **Product evaluation process.** This is process for developing and commercialising an innovation. This stimulates economic development of a nation.

(iii) **Iterative synthesis:** The intersection of knowledge and social need that starts the products development process.

(iv) **Innovation:** Innovations are of various degrees or uniqueness. These include:

- (a) Ordinary innovations.
- (b) New products with little technological changes.
- (c) Technological innovations.
- (d) New products with significant technological advancement.
- (e) Breakthrough innovations.
- (f) New products with some technological change.

Developing entrepreneurs is a way of mobilising individual and group talent, energy and time to promote economic and social goals. Entrepreneurs find out business opportunities, coordinate resources and innovate. In order for them to be able to function and play this role that will impact on the nation, they need to be flexible and adaptable to changes in the economy. Entrepreneurs view changes as opportunity. They look at problems to see opportunities. Their role in nations building cannot be overstated.

Roles of Entrepreneurship in Economic Development

The importance of entrepreneurship development in economic development has been an established fact in the literature. Ritter (1998) painted this picture about entrepreneurs and economic development thus; "Entrepreneurship is scarce for many types of economic activities in most countries and at most times, particularly for new activities requiring relatively new types of technical and market knowledge. The contribution of entrepreneurship to the process of economic development is clear. Entrepreneurs are dynamic force in an economy, envisioning the possibilities for new types of economic activity and doing everything necessary to realise their visions".

As a result, entrepreneurs give birth to new enterprises, new commercial activities and new economic sectors. They generate jobs for others; they produce goods and services for citizens; they introduce new cost-cutting or product-improving production

technologies and improved or lower-cost outputs; they earn foreign exchange through exports expansion or the substitution of imports; they save, raise funds, and invest.

They also generate the income and wealth that permit the collection of taxes by governments for expenditure on human development (education, health, and social services), physical infrastructure and public goods generally. They promote the process of learning and adapting to changing circumstances as technology changes, market evolve; and policies change”.

Recognising the important roles of entrepreneurs, both developed and developing nations have shifted attention to their development. The need to create and ensure appropriate environment for operations of the enterprises cannot be over emphasised.

Ritter (1998) noted that for entrepreneurship to progress the institutional environment, the system of laws, the regulatory environment, and basic political and economic stability have to exist and be consistent; absence of the enabling environment will deter the entrepreneur.

Nnanna (2003) acknowledged that SMEs are the bedrock of industrial development; they provide large scale employment as they are often labour intensive and they rely more heavily on local raw materials. Zakar (2006) classified the benefits of SMEs and entrepreneurs into three broad categories – benefits to the nation, benefits to the society and benefits to the individual. Olayiwola and Ogundele (2008) also pointed out the roles of entrepreneurs as engine of growth and development. The study highlighted the following roles among others

METHODOLOGY

This paper adopted the literature review method. It analysed the contributions of authors on Entrepreneurship and Entrepreneurship Education and arrived at a conclusion that for entrepreneurship and small scale business to survive in Nigeria, Entrepreneurship Education should be an integral part of Nigerian Educational and practical work life. Entrepreneurship education must be promoted from the primary Educational level, up to the tertiary level. This will afford Nigerian students the notion of being self reliant, startup and nurturing their own business up to maturity level

Entrepreneurial and Functional Education

Entrepreneurship education is aimed at a learning directed towards developing in the students, skills, competencies, understanding and attributes that will equip them to be innovative, and to identify, create, initiate and successfully manage personnel, community, business and work opportunities, including working for themselves and starting their own business.

Ekong and Williams (2003) have reported that there have been extensive calls for entrepreneurial education in Nigeria. In 1983, the Federal Government of Nigeria urged training institutions in the country to involve their programmes towards vocational relevance for the production of graduates that possess relevant skills for self-employment and self-reliance.

It is, however, observed that entrepreneurial education depends on a functional education environment that provides motivation for the acquisition of relevant skills and knowledge for entrepreneurial practices. In other words, training programmes

in Nigeria educational institutions, at all levels, should emphasise practical experiences in related fields. This is important because, it is only through the inculcation of favourable values, skills and competencies towards specific discipline that could be utilised in real life situation.

Parkin (1994) in line with recent observations and reports from scholars like Obanya (2003) and Williams (2002), have emphasised that entrepreneurship education must develop the intellectual and favourable values, skills and competencies. This is because entrepreneurship education posits that the purpose of education is to acquire the skills of understanding life situation, adapting to it, acting to influence it, and contributing to development through useful employment.

In other words, entrepreneurial and functional education should be able to:

- Ensure that technical and vocational education are made integral part of education for all;
- Ensure that training in specialised technical and vocational skills are predicated on a sound general education, complemented with a sound general exposure to technical and vocational education;
- Expose learners to the versatility of knowledge to meet the challenges of dynamism of nature of the world of work;
- Provide equal opportunities for both men and women to acquire entrepreneurial and vocational education; and
- Explore relevant methods, strategies and techniques of making entrepreneurial and vocational education affordable through informal and non-formal approaches.

Supper (1983) described the entrepreneurship and functional education curriculum as that which is learner-centred. In other words, the learning experiences involve interpretation of occupational needs of the learners and assisting them to acquire integrated occupational knowledge, skills and values about the real world through investigative or research experiences.

In other words, the curriculum process of the entrepreneurial and functional education should be based on the assumption that human beings have natural potentials for learning when they are made aware of the relevance of what is to be learnt; that through action-learning is facilitated; and that self-initiated learning promotes lasting skills acquisition. That is to say, that creativity in learning is enhanced by self-evaluation.

Objectives of the Entrepreneurship Education

The gains in entrepreneurial and functional education include:

- The assistance that individuals would get to develop needed activities in job performance;
- Encouraging individuals to utilise available instructions to use entrepreneurial and functional education to provide the stepping stone to other lucrative jobs and life-long occupations;
- Facilitate better job performance through effective and efficient acquisition of relevant skills, equipping learners with various industrial functions which are multidimensional in nature that include design;
- Development, construction, production, management and research functions;
- Helping individuals to develop good work habits;
- Readjustment and operating within the established work

- rules; and
- (g) Assisting the general workforce be aware of existing vocations in the job market that let them make appropriate choice of vocation and develop autonomy in the world of work thereafter.

What are the Aims and Objectives of the Entrepreneurship Education?

For Entrepreneurship to survive, and to be respected and practiced like other professions, it needs to have a clear cut objective, so as to guide the curriculum designers. The objectives for the HND/ND or BSc programmes in the Polytechnics and Universities includes giving the student sufficient knowledge in entrepreneurship, advertising and related subjects so as to enable them secure employment or pursue higher studies in tertiary institutions. But most of these objectives are not diversified enough and in most cases reflect the individual perspectives of their authors and institutions that they represent.

A solution to these deficiencies made the 1999/2000 Executive Council of the Nigerian Association of Schools of Management Education and Training to commission a study into the objectives of entrepreneurship education. In order to seek broad based inputs into the definition of objectives of entrepreneurship, by both the scholars, practitioners in industry and other bodies concerned with the development of management education in Nigeria.

In the study conducted by Ayozie (2016), which covers mailing questionnaires to Polytechnics and Universities offering entrepreneurship education, to professional bodies and business concerns, on what should be the broad objectives of entrepreneurship education in Nigeria; the answers of the academicians and industry people are summarised as thus:

- (i) Emphasising aspects of entrepreneurship education like practical experience for students and the lectures.
- (ii) Indicating in the learner knowledge, skills attitude, positive attitudes and awareness of certain factors relating to the internal and external environments of entrepreneurship.
- (iii) Developing/producing and providing things like relevant educational materials or people, to man high and middle level positions in the Nigeria economy, and develop a large pool of new creative entrepreneurs and business people.

Respondents answer on the functional area of Entrepreneurship that they were most familiar with, and what specific educational objectives that should be in areas like marketing, stated the other responses as:

- (a) To train entrepreneurs who can establish on their own;
- (b) To promote entrepreneurship management effectively;
- (c) To equip students with fundamental and advanced concepts in Entrepreneurship and Business;
- (d) To produce entrepreneurship oriented managers;
- (e) To develop entrepreneurship as a field of studies with emphasis on local conditions;
- (f) To make entrepreneurship play its rightful role in the economic development of Nigeria.

Specifically, the Federal Polytechnic, Ilaro prospectus stated its own objectives and goals of entrepreneurship as:

- ▶ Conduct entrepreneurial planning for organisations/firm.
- ▶ Organise feasibility studies.
- ▶ Carry out entrepreneurial training/studies.

- ▶ Undertake market research and other marketing functions.
- ▶ Prepare feasibility reports and other business plans.
- ▶ Develop and market products, produced by the students.

These goals form the same pattern as indicated by many Polytechnics and Universities in Nigeria. The above set of goals and objectives pose a big challenge to our academicians and educational planners and will serve as a guide in providing a meaningful entrepreneurship education system in Nigeria.

What is the Entrepreneurship Curricula in Our Polytechnics and Universities, especially for the Undergraduate (ND, HND/BSc) Programmes in Nigeria

Some polytechnics prepare students for a two-year National Diploma (ND) programme in Entrepreneurship and all courses which will be followed by another two year study for the Higher National Diploma (HND). The ND entrepreneurship although not an adequate background to prepare a student for HND entrepreneurship, gives the student an option in entrepreneurship, business administration or small scale entrepreneurship. The universities run programmes that award the bachelor's degree (BSc) in Entrepreneurship after three or four years, depending on the qualification of the student. The minimum admission requirements into the polytechnics includes four credits in four core subjects including English Language and Mathematics, while the universities programmes requires five credits in SSCE/GCE or its equivalent.

The NBTE (National Board for Technical Education) based in Kaduna, regulates and accredits programmes in polytechnics, monotechnics and colleges of technology, while the NUC (National University Commission) with other relevant bodies accredit programmes for the universities. The NBTE also sets minimum guideline syllabus for the ND and HND programmes in Entrepreneurship.

The Entrepreneurship Curricula in Our Polytechnics and Universities

Presently Entrepreneurship Education is a compulsory theoretical and practical course to be offered by all students in Nigerian tertiary Institution in Nigeria. The essence is to promote gainful employment and reduce the focus on salaried employment. Nigeria wants to produce pooled practically endowed Entrepreneurs in the future who will be employers of labour.

In between the ND graduates, where they are expected to seek relevant employment to gain practical experience, the courses for HND/ND Entrepreneurship are the curricula for B.Sc. programme in marketing has basically a similar spread of courses like the HND/ND version, but it has more general studies and behavioural Science courses. The advantage of polytechnic education is its emphasis on the practical knowledge needed to succeed in the business world.

What Role for Institute of Entrepreneurship in Nigeria (IOEN)

Apart from IOEN, no other professional body in Entrepreneurship has legal backing of government. Among the problems of the Institute is that of Goal Aspiration (Nwokoye 1989), it wants to model itself in the mould of Accountancy and Banking, without taking into consideration the objective the practitioners of each

profession. There is total alienation between the Academicians and the practitioners of Entrepreneurship denying the Association that Espirit-de-corps and contribution to IOEN growth. IOEN is presently organised as an association, handled and coordinated by the Lagos workers. Entrepreneurship is not like Accountancy or Banking, and it cannot attract membership by not being dynamic, down to earth, and identifying with all strata of the Entrepreneurship profession. Entrepreneurship cannot attract members by holding out to them sheltered professional practice protected by barriers erected by the Association through ineffective information dissemination and lack of camaraderie.

Entrepreneurship should embrace all related associations under umbrella as it is in the UK (the Chartered Institute of Marketing). In essence, while a section of IOEN should be in charge of the day to day activities, another section should take up the role of regulation of the practice and coming up with practical education, seminars and conferences that will enable the marketers cope with the dynamism of the 21st century.

Entrepreneurship profession in Nigeria should combine the attributes of the highly successful Chartered Institute of Marketing of United Kingdom, the American Marketing Association, and The Institute of Chartered Accountants of Nigeria (ICAN). In essence, it can conduct examination for all categories of students and still provide quality services to its members. Entrepreneurship in Nigeria must have its own peculiarity. Such quality services should include journals, news magazines, employment services, books monographs, National Conferences and Seminars, professional recognition by the government and the industry awareness campaigns, international networking opportunities, comprehensive personnel and professional development, continuous transition from student to fellow based on life time learning programme leading to Registered and Chartered Entrepreneurship Status (as obtainable in the UK) Entrepreneurship information such as Quarterly members' newsletter, list of registered members comprehensive use of information and library service, and the most important of all the personal benefits such as use of training facilities access to consultancy services, free personal advice, independent financial and insurance advice covering pensions, investment and family protection, travel service and the entrepreneurship web site in Nigeria, so that members will have privileged access to certain areas of the site it should all rail the membership and professional Associations of the Dangotes, Otedolas, Orji Kalus, Alakijas, Innosun's and other notable business men and women in Nigeria.

The IOEN and other institutes should have common goal, co-operate and co-exist and should aspire to greater heights of efficiency and performance.

In essence, there should be just one Apex Professional Organisation in Entrepreneurship in Nigeria, which admits members from diverse groups but should also have a Hard Core membership group, consisting of experienced Entrepreneurship educators (Academicians) and top industry CEOs managers in the industry. To resemble the United Kingdom, CIM, and the AMA, THE Entrepreneurship professional body IOEN should recruit more academicians, educators and lecturers, into its ranks, and get them more involved in its activities. Establishing Nigeria Entrepreneurs most become a role model to other practical and fist hand knowledge to the younger ones.

Problems of Entrepreneurship Education

Ayozie (2015) enumerated the problems of Entrepreneurship Education as such:

- i. Poorly defined professional status, creating problems among potential Entrepreneurs.
- ii. Scarcity of relevant books and teaching materials.
- iii. Insufficient provision of opportunities for practical experience for students.

Ayozie (1999) in a published work of marketing Education:

- i. Lack of close and proper interaction between the academics and the industry.
- ii. Lack of practical industry experience among the entrepreneurship.
- iii. Very poor remuneration and incentives for educators, thereby reducing their interest and commitment to research on entrepreneurship.
- iv. Empire building by industry practitioners making it impossible for the educators to learn from them.
- v. Insufficient undergraduate opportunities for students who want to study entrepreneurship.
- vi. Very poor academic background of entrepreneurship.

Quite significant is the fact that Nigerian entrepreneurship lecturers have been relying too much on foreign textbooks that are in most cases marginal relevant to own peculiar Nigerian environment. Some of these textbooks are not written to consider the practical peculiarity of the Nigerian environment. Although the Nigerian environment does not favour publishing, due to high cost of printing, piracy, lack of exposure and unconducive writing environment, efforts have been made by present day marketing educators to fill in this vacuum.

Conclusion and Recommendations

The importance of entrepreneurship development in economic development has been an established fact in the literature. Ritter (1998) painted this picture about Entrepreneurs and Economic Development thus; "Entrepreneurship is scarce for many types of economic activities in most countries and at most times, particularly for new activities requiring relatively new types of technical and market knowledge. The contribution of entrepreneurship to the process of economic development is clear. Entrepreneurs are dynamic force in an economy, envisioning the possibilities for new types of economic activity and doing everything necessary to realise their visions.

Entrepreneurship educators should answer this question: can they successfully position their products and supply the skills and the resources that are to make entrepreneurship education products significant players in the new millennium. To do this, these recommendation would be relevant:

1. Management faculties and departments should adopt a long term view in recruiting staff to full lecturing and practical positions. Since candidate with terminal doctorates are presently in short supply, brilliant first degree (HND or B.Sc) holders should be recruited as Higher Instructors and Graduate Assistants and later sent out to suitable in-service training arrangement to acquire the much needed higher degrees and academic knowledge. Some Nigerian universities and foreign ones in Malaysia, India, the United Kingdom and United States of America are offering first and

post graduate courses in Entrepreneurship.

2. The delivery systems of information are under-going transformation. Management schools must keep on with information technology. Lectures must be sensitive to and respond to the transformations in technology. Let us all connect to the Internet, E-mail, where information is obtainable without leaving our offices and lecture room.

3. There is the need to provide beneficial industrial work experience for entrepreneurship students. The suggested alternatives to direct placement in companies should be:

- a) Placing students on campus from where they commute to places of work, provided the institution is located in an industrial areas, where they can learn some vocations, trades and be mentored by well established entrepreneurs.
- b) Supervised visits by all final year students to entrepreneurship companies should be arranged, Federal Polytechnic Ilaro does this now. This will raise the awareness of the students in the entrepreneurship profession and offer them the opportunity of interacting with industry practitioners. SIWES programs must be reintroduced for entrepreneurial courses and lecturers must be made to supervise the student.
- c) To enhance entrepreneurship education and make it more relevant, opportunities should be increased for interaction between students, lectures and viable companies.
- d) Adequate funding should be provided so that tertiary institution can improve on the facilities and equipment that lectures need for accreditation of entrepreneurship courses.
- e) Increasing the number of universities and polytechnics that run post-graduate programmes in entrepreneurship as to produce better lectures for the future.
- f) Enacting the law that will give legal backing to the entrepreneurship professional body (IOEN), comparable to the ones like accountancy, banking and law. This will give the members the much desired professional status and recognition.
- g) There should be the introduction of ND Programme in Entrepreneurship by NBTE and the various polytechnics and BSc programmes in Entrepreneurship in the universities as accredited by the National University Commission.

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Impact of Balanced Scorecard on Firm Value of Quoted Manufacturing Companies in Nigeria

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This study seeks to assess the effect of Balanced Scorecard (BSC) on firm value based on evidence from quoted manufacturing companies in Nigeria. Secondary data constitute the main source of data collection. These data were obtained from annual reports of companies quoted on the Nigerian Stock Exchange from the year 2011 to 2015. Research tools such as descriptive statistics and multiple Square Regression analysis were used to establish the impact of Financial, Business process, Customer and Learning and growth perspectives on Firm value. The findings from the analysis have shown that firms with low business process perform significantly better and are valued higher than those firms with high business process. Thus the study encourage firms to implement Balance Score Card (BSC) since the adoption of merely one or two BSC attribute has proved to improve the organisational value.

Keywords: Balanced Scorecard, Firm Value.

1.0 INTRODUCTION

Studies have shown that in the past, firm value revolved around the use of accounting or financial data on its basic state to measure the performance of firms, but the emergence of the Balanced Scorecard has changed this trend. It was observed that the use of only financial data as the basis for measuring firm value has been inadequate in the face of global economic integration (Muhammad, 2010). Presently, managers' expectations are extremely high, thus there is

increased interest in this management tool. In order to adopt this tool, there is need to create a change of culture and mindset. Every employee had to apply for the newly designed positions. The Balanced Scorecard (BSC) is now one of the most important recent accounting innovations adopted. Its main purpose is to enhance organisational value by allowing top managers to better manage their companies' key organisational processes thus improving the competitive market position of the company and its value (Kaplan and Norton, 2001). The motivating factor

behind the BSC is that learning is necessary to improve internal business processes. Such improvements are essential for improved customer satisfaction which will ultimately lead to improved financial results. If the organisation does not improve continuously, it will lose out to competitors; hence the BSC emphasises improvement (Kaplan, 2010). With the scorecard, top executives in the company can measure and manage their business units' creation of value for current and future customers; building and enhancement of internal capabilities; as well as investment in people, systems, and procedures necessary to improve the firm's future performance.

The scorecard can help to measure some of the most important intangible assets a company could have. These include relationships with customers and with employees. This is because employee loyalty and customer loyalty are closely related and the maintenance of both is essential for firm value and sustainability. The scorecard thus measure the quality of important relationships reflected in a firm's measurement/value framework.

1.2 Statement of Problem

With rapid innovations in the financial markets, all firms are currently facing fierce competition from rivals. The traditional performance management tools appear to measure an all-round performance to meet the organisational needs of strategic development. This is because such tools ignore the non-financial factors, thus it cannot fully reflect an overall operations of the organisation. Such financial data are said to possess very limited predictive ability and considered to be inadequate to assist organisations to perform effectively and efficiently as well as equip them to respond to customer and environmental complexities in the ever changing world economy (Kaplan and Norton, 1992). There is thus an urgent need to measure the efficiency of the BSC to know how credible it is for adoption by firms and know its suitability in Nigeria.

1.3 Objective of the Study

The overall objective of the study is to examine the impact of Balanced Scorecard on firm value as well as the assessment of the strengths and weaknesses of the BSC in measuring firm performance. Specific objective is to evaluate the impact of BSC using four perspectives namely financial, business process, customer, learning and growth on Firm value.

1.4 Research Question

To what extent does the use of Balanced Scorecard (BSC) impact on firm value?

1.5 Research Hypothesis

BSC four perspectives (financial, business process, customer, learning and growth) have no significant effect on Firm value.

2.1.1 Conceptual Framework

Balanced Scorecard (BSC)

The BSC was developed by Kaplan and Norton in 1992 in order to address the limitations of the use of the traditional financial performance measurement systems. Kaplan and Norton (1992) defined BSC as "a strategic management technique for

communicating and evaluating the achievement of the mission and strategy of the organisation". That means that the Balanced Scorecard (BSC) therefore is a performance measurement system. Balanced Scorecard (BSC) is a performance measurement that translates a firm's strategy into clear measures, objectives, targets, and initiatives. It classifies such initiatives into four perspectives: financial, customer, business processes, and human resources or innovation and learning (Kassahun, 2010). Each of the perspective represents a different aspect of the business organisation which operates at optimal capacity.

a. Financial Perspective

Al-Najjar and Kalaf (2012) showed that financial measures convey the economic consequences for the actions taken by the firm. The focus is on the profitability related measures. These measures help stakeholders in the firm confirm the profitability of their investments. This perspective can provide viable and significant information that will assist management monitor the performance of the firm as well as improve motivation and communication and spot problems.

b. Customer Perspective

According to Kairu, Wafula, Okaka, Odera, and Akereke (2013) customer perspective captures the ability of the organisation to provide quality goods and services for their customers. It also looks at effectiveness of their service delivery, and the overall customer service and satisfaction. This perspective helps measure the level of customer satisfaction, customer retention and market share of the firm.

c. Business Process Perspective

Gekonge (2005) asserted that the business processes perspective focuses on the internal business which will result in financial success and satisfaction of customers. This includes cost and quality related to the business processes.

d. Learning and Growth Perspective

Kaplan and Norton (1992) showed that a company innovative ability, learning and growth perspective examines the ability of employees proxied by skills, talents, knowledge and training; the quality of information systems captured by systems, databases and networks; and the effects of organisational alignment proxied by culture, leadership, alignment and teamwork, in supporting the accomplishment of organisational objectives. Gekonge (2005) argued that it consists of measures such as employee satisfaction, employee retention and knowledge management.

The import of the foregoing is that the balanced scorecard involves a holistic model that links individual efforts and accomplishments to each business unit objectives.

2.1.2 Firm Value

The ultimate purpose of a firm is value maximisation for shareholders (Berle & Means, 1991). It involves the maximisation of a firm's equity, which is captured by the present value of expected benefits (cash flows) that shareholders can expect from the firm (Blair, 1995). By implication, a firm's value can be maximised only when expected benefits are maximised in the long-run. It is also the market value of a business. It is a

sum of secured and unsecured and shareholders (preferred and common). The value of a firm takes into reflects the long-term impact of managerial decisions on profits. It is the present value of current and future profits (Dolenc, Stubelj & Laporšek, 2011).

Brigham and Houston (1999) explained that company value is the value given to management of financial markets and corporate organisations as the company continues to grow. The firm value is determined by market perceptions of companies performance sustainability that represented by market value of shares outstanding.

Various proxies have been used to measure company value. Most employed Tobin's Q as a proxy for company value (Yermack, 1996; Siallagan & Machfoedz, 2006). Brigham and Houston (1999) used a ratio of market value to book value as a proxy for firm value.

Tobin's Q Model

Moeljadi (2014) defined Tobin's Q model as the ratio of book value of debt plus the market value of equity divided by book value of equity. The Tobin's Q ratio is a measure of firm assets in relation to a firm's market value.

The formula for Tobin's Q is: **Tobin's Q = Total Market Value of Firm/Total Asset Value of Firm.**

If Q is greater than 1, then economy's installed capital is valued more highly by the stock exchange than its market price or its replacement cost.

2.2 Theoretical Framework

The relevant theoretical framework can be divided into two main categories which are prescriptive and emergent (Lynch, 2000). Prescriptive theories include shareholders value maximising theories, profit maximisation theories, resource-based theories, game-based theories and socio-cultural theories of strategy. While the emergent theories include survival-based theories, uncertainty-based theories and human-resource based theories. Hence, the study will be anchored on *Shareholders Value Maximisation* and *Survival-Based* theories.

2.2.1 Shareholders' Value Maximisation Theory

Friedman (1970) introduced the shareholders value maximisation theory. Friedman (1970) stated that there is one and only one social responsibility of business: to use its resources to engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition, without deception or fraud. This theory best describes the social responsibility of business that is its use of resources to engage in activities designed to increase its profits. The shareholder value maximisation theory postulated that managers primarily have a duty to maximise shareholders' interests in the way that is still permitted by law or social value (Kennerly, 2010).

2.2.2 The Survival-Based Theory

The survival-based theory or 'survival of the fittest' theory was originally developed by Herbert Spencer (Miesing & Preble, 1985). The survival-based view in strategic management emphasised on the assumptions that in order to survive, firms have to deploy strategies that should be focused on running efficient operations

and could respond to the changing of competitive environment (Khairuddin, 2005). This is because the firm that survives is the one that is the fittest and most able to adapt to the business environment.

The survival-based theory alleges that if the firm is not adapting to the ever-changing business environment and become efficient in it, the firm simply will not survive. Thus, the firm that actually survives is the one that operates efficiently and adapted successfully to its business environment.

2.3 Empirical Review

Different studies have been carried out on BSC and Firm Value. Braam and Nijssen (2008) investigated the impact of the Balanced Scorecard (BSC) on firm value using the step-model using regression analysis. The study's empirical results showed that BSC use will not automatically improve company performance, unless it is properly applied.

Etim and Agara (2011) examined how BSC has contributed to firms' performance in Nigeria. Their study confirmed that firms that have implemented BSC have indicated positive recovery under-performance conditions and as well as reverse their losses. However, their study suggested that a fifth perspective be introduced that will capture the environment and culture because of the critical roles environment and culture play in the survival of any organisation.

Yung-Chieh (2012) in his study aimed at verifying the influence of balanced scorecard implemented by Taiwan LED-listed companies on the accumulation of the intellectual capital with organisational commitment as an interference variable using management of human resource, finance, production and marketing departments and staff of production departments as research subjects. It was found that the balanced scorecard implemented by Taiwan LED-listed companies influences the intellectual capital.

Wasatoin (2013) examined the application of the BSC attributes among firms listed on the Stock Exchange of Thailand (SET) investigating whether top management support was correlated with the BSC attributes and establishing whether each BSC attribute was the source of various perceived benefits. The study employed a simple regression analysis. The results obtained show that top management support was a key influencing factor for the implementation of each BSC attribute.

Kala & Bagr (2014) studied the effect of the BSC on Performance of Hotels in various lodging establishments in some selected tourist towns of the mountainous state of Uttarakhand, India. The results obtained in this study suggested that hospitality managers of the study area need to properly identify and incorporate the right set of financial and non-financial performance measures so as to link them to their organisation's overall objectives.

Akram and Tariq (2014) investigated the impact of BSC adoption as a performance evaluation tool and performance among Palestinian listed corporations. Financial perspective and other non financial perspectives such as Customer, Internal Business Process, and Learning and Growth were used in the study. The study found the majority of Palestinian corporations used the scorecard fully or partially in their evaluation process.

Malgwi and Dahiru (2014) examined the literature on BSC as a performance tool for evaluating business organisations. It

Table 4.1:
Descriptive Statistics

Variables	Mean	Max	Min	Std. Dev	JB (p-value)
TOBIN	2.041077	10.83000	0.390000	1.701811	554.7586(0.00)*
BSFINP	10.43405	520.5200	-736.9700	90.55684	18936.74(0.00)*
BSCUSP	7.787487	140.3600	-82.82000	22.50373	946.1925(0.00)*
BSLGRP	11.60144	70.01000	0.530000	7.734264	2297.920(0.00)*
BSBUSP	0.338000	0.810000	0.020000	0.183181	12.40783(0.00)*
TASST	7.046769	9.050000	5.340000	0.855671	4.130602(0.13)

Source: Researchers’ Computation (2017)

Note: * 1% Level of Significance

adopted four perspectives namely financial, customer, internal business process, learning and growth.

Lasisi, Olajide, Hasan, and Shodiya (2014) investigated the relationship between relational capabilities and balanced scorecard in the Nigerian manufacturing firms. The result shows that there is a significant relationship existing between relational capabilities and balanced scorecard.

Noor, Mseden and Mohammad (2015) analysed the impact of BSC Dimensions on ROA and ROE using the Jordanian industrial companies listed on the Amman Stock Exchange for a period of five years (2008-2012). The results showed that each balanced scorecard’s dimensions (internal business processes, innovation and growth and customer) has a significant positive effect on the financial performance drivers adopted.

Zuriekat, Salameh and Nrawasdeh, (2015) used a structural equation modelling the BSC hypotheses in the Jordanian manufacturing companies listed on Amman Stock Exchange. This study suggested that employees and managers should both participate when selecting performance measures.

3.0 Methodology

The study employed the survey method. Owing to the time period of the study, Pearson correlation coefficient(r) and multiple regressions were specially used to establish the relationship and the impact between the dependent and explanatory variables. Data were obtained from annual reports of companies quoted on the Nigerian Stock Exchange from the year 2011 to 2015.

The population of the study consists of all the quoted manufacturing firms on the Nigerian Stock Exchange. All the 43 quoted manufacturing firms on the Exchange as at December, 2016, were carefully studied and a sample of 39 quoted Manufacturing companies who have consistently published their annual accounts were used. Data analysis technique involved multiple regression analysis.

3.1 Model Specification and Justification

The study uses the following logistic regression model to test the hypothesised effects of BSC propensities. To measure the effect of the balanced scorecard on Firm Value, the functional

model formulated for this study is expressed as:

$$TbQ = \beta_0 + \beta_1(FINP) + B_2(BUSPP) + B_3(CUSTP) + B_4(LGRP) + e_t$$

Where:

- TbQ = TOBIN Q
- FINP = Financial perspective measure
- BUSP = Business process perspective
- CUSP = Customer perspective
- LGRP = Learning and Growth perspective
- e_t = Error Term

4.1 Presentation of Data

The output of association among variables using Pearson Correlation Coefficient is shown in **Table 4.1**. The mean (average) for each of the variables, their maximum values, minimum values, standard deviation and Jarque-Bera (JB) Statistics (normality test). The results in *Table 4.1* provided some insight into the nature of the selected Nigerian quoted companies that were used in this study.

It was observed from the table that on the average over the five (5) years period (2011-2015), the sampled quoted companies in Nigeria were characterised by positive TOBINQ = 2.041077. Also, the large difference between the maximum and minimum values of the total assets (TASST) shows that the sampled quoted companies in this study are not dominated by either large or small companies. Secondly, it was observed that on the average over the five years period, that the sampled companies are characterised by positive Balanced scorecard financial perspective (BSFINP=10.43405), Balanced scorecard customer perspective (BSCUSP=7.787487), Balanced scorecard learning and growth perspective (BSLGRP=11.60144) and Balanced scorecard business process perspective (BSBUSP=0.338000). We also observed that these explanatory variables (BSFINP, BSCUSP, BSLGRP, BSBUSP and TASST) have wide variations in their maximum and minimum values. These show that most quoted companies in Nigeria have different balanced scorecard measures. These wide variations in these balanced scorecard perspective measurements therefore justify the need for this study, as we expect companies with high balanced scorecard financial perspectives, balanced scorecard customer perspectives,

balanced scorecard business process perspective and learning and growth perspective to have high business value.

Table 4.1, the Jarque-Bera (JB) which test for normality or the existence of outliers or extreme values among the variables, shows that all the variables are normally distributed at 1% level of significance. This means that any variables with outlier are not likely to distort our conclusion and are therefore reliable for drawing generalisation. This also implies that the least square estimation can be used to estimate the pooled regression model.

4.2 Testing of Hypothesis

In order to examine the relationships between the dependent variable TOBINQ and the independent variables ((BSFINP, BSCUSP, BSLGRP and TASST) and to also test our formulated hypothesis that Balanced Scorecard (BSC) four perspectives – (financial, business process, customer, learning and growth) have no significant effect on Firm value, we used a pooled multiple regression analysis since the data have both time series (2011-2015) and cross sectional properties (39 quoted companies). The pooled interaction based multiple regression results are presented and discussed in Table 4.2 below (see Appendix for a detailed result).

In Table 4.2, R-squared and adjusted R-squared values were (0.07) and (0.05) respectively. This indicates that all the independent variables jointly explain about 7% of the systematic variations in Firm value (TOBINQ) of our sampled companies over the five-year period (2011-2015). The F-statistics (2.94) and its P-value (0.01) shows that the TOBINQ regression model is well specified.

Test of Autocorrelation: Using Durbin Watson (DW) statistics which we obtained from our regression result in Table 4.2, it is observed that DW statistic is 0.31 and an Akaike Info Criterion and Schwarz Criterion which are 3.882837 and 3.983545 respectively.

Table 4.2:
TOBINQ Pooled Regression Results

Variables	t-statistics	Prob.
TOBINQ	0.176025	0.86
BSFINP	0.674319	0.50
BSCUSP	0.555017	0.58
BSLGRP	-0.720145	0.47
BSBUSP	-1.712256	0.09***
TASST	2.123150	0.04**
R-squared 0.07		
Adjusted R-squared 0.05	Akaike Info Criterion 3.882837	
F-Statistic 2.936822	Schwarz Criterion 3.983545	
Prob (F-Statistics) 0.01	Durbin – Watson stat 0.31	

Source: Researchers’ computation through E-view 9.0 statistical package

In addition to the above, the specific findings from each explanatory variable are provided and discussed as follows:

Balanced Scorecard Financial Perspective (BSFINP), based on the t-value of 0.674319 and P-value of 0.50 on Table 4.2, was found to have a positive influence on our sampled quoted companies Firm value (TOBINQ) and this influence was not statistically significant since its P-value was more than 10%. This means that Balanced Scorecard Financial perspective impact positively on firm value. This finding therefore supports the findings of Noor, Mseden and Mohammad (2015) and negates the findings of Kala and Bagri (2014).

Balanced Scorecard Business Process Perspective (BSBUSP), based on the t-value of -1.712256 and p-value of 0.09 on Table 4.2, was found to have a negative influence on our sampled quoted companies Firm value (TOBINQ) and this influence was statistically significant at 10% level as its p-value was less than 0.10 value. This means that on the basis of effective use of Business process to generate values, firms with low business process perform significantly better and are valued higher than those firms with high business process. This finding therefore supports our apriori expectation and the findings of Braam and Nijssen (2008) and negates the view of Wasatoin (2013).

Balanced Scorecard Customers Perspective (BSCUSP), based on the t-value of 0.555017 and P-value of 0.57 on Table 4.2, was found to have a positive influence on our sampled quoted companies Firm value (TOBINQ). This means that Balanced Scorecard Customers perspective impact positively on firm value. This negates the findings of Zuriekat, Salameh and Alrawashdeh (2015) and Akram and Tarig (2014) and affirms the findings of Braam and Nijssen (2008) and Kala and Bagri (2014).

Balanced Scorecard Learning and Growth Perspective (BSLGRP), based on the t-value of -0.712256 and p-value of 0.47 on Table 4.2, was found to have a negative influence on our sampled quoted companies Firm value (TOBINQ) and this influence was not statistically significant since its p-value was more than 0.10 value. This result therefore, suggests that balanced scorecard Learning and Growth perspective has no significant impact on firm value. This finding therefore supports the findings of Kala and Bagri (2014) and Etim and Agara (2011) and negates findings of Yung-Chieh (2012), Wasatoin (2013) and Malgwui and Dahiru (2014).

5.0 Conclusion and Recommendations

The major purpose of this paper is to investigate the effect of Balanced Scorecard on firm value and to assess the strength and weakness of this tool in measuring firm performance as evidenced from quoted manufacturing companies in Nigeria. Four measures used to proxy for TOBINQ include Financial (BSFINP), Business process (BSBUSP), Customer (BSCUSP) and Learning and growth (BSLGRP) perspectives. In order to examine the impact relationships between the dependent variable TOBINQ and the independent variables (BSFINP, BSCUSP, BSLGRP and TASST) and to also test our formulated hypothesis, we used a pooled multiple regression analysis since the data had both time series (2011–2015) and cross sectional properties (quoted companies).

The study consistent with previous studies concludes that

Appendix:
DESCRIPTIVE STATISTICS OF THE SAMPLED COMPANIES

	TOBIN	BSFINP	BSCUSP	BSLGRP	BSBUSP	TASST
Mean	2.041077	10.43405	7.787487	11.60144	0.338000	7.046769
Median	1.420000	13.11000	5.860000	9.630000	0.290000	7.000000
Maximum	10.83000	520.5200	140.3600	70.01000	0.810000	9.050000
Minimum	0.390000	-736.9700	-82.82000	0.530000	0.020000	5.340000
Std. Dev.	1.701811	90.55684	22.50373	7.734264	0.183181	0.855671
Skewness	2.386975	-4.590110	1.604963	2.757159	0.589472	0.123584
Kurtosis	9.744434	50.39619	13.30295	18.88752	2.629582	2.331203
Jarque-Bera	554.7586	18936.74	946.1925	2297.920	12.40783	4.130602
Probability	0.000000	0.000000	0.000000	0.000000	0.002022	0.126780
Sum	398.0100	2034.640	1518.560	2262.280	65.91000	1374.120
Sum Sq. Dev.	561.8553	1590905.	98245.09	11604.85	6.509720	142.0417
Observations	195	195	195	195	195	195

Balanced Scorecard (BSC) four perspectives – (financial, business process, customer, learning and growth) have no significant effect on Firm value.

From the findings of the study, the researchers hereby recommend as follows:

- Firms should adopt the efficient use of balanced scorecard financial perspective to generate firm value since firms with high financial performance are valued higher than those with less financial performance.
- Firms are encouraged to make use of balanced scorecard business process perspective since its effective use generates values. Thus, firms with low business process perform significantly better and are valued higher than those firms with high business process.
- Decision making units of the firm should to adopt the efficient use of balanced scorecard customers perspective to generate firm value since as those firms with high customers activities are valued higher than those with less customers activities.
- Management of manufacturing firms is encouraged to make effective use of Learning and growth activities to generate values. This is because firms with low learning and growth process perform better and are valued higher than those firms with high Learning and growth process.

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REGRESSION RESULT

Dependent Variable: **TOBIN**
Method: **Panel Least Squares**
Date: **04/13/17** Time: **09:30**
Sample: **2011 2015**
Periods included: **5**
Cross-sections included: **39**
Total panel (balanced) observations: **195**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.221941	1.260853	0.176025	0.8605
BSFINP	0.000929	0.001377	0.674319	0.5009
BSCUSP	0.003022	0.005444	0.555017	0.5795
BSLGRP	-0.012119	0.016829	-0.720145	0.4723
BSBUSP	-1.178366	0.688195	-1.712256	0.0885
TASST	0.329911	0.155387	2.123150	0.0350
R-squared	0.072093	Mean dependent var		2.041077
Adjusted R-squared	0.047545	S.D. dependent var		1.701811
S.E. of regression	1.660862	Akaike info criterion		3.882837
Sum squared resid	521.3497	Schwarz criterion		3.983545
Log likelihood	-372.5766	Hannan-Quinn criter.		3.923612
F-statistic	2.936822	Durbin-Watson stat		0.309521

Governance, KualitasLlaba dan Nilai Perusahaan. Simposium Nasional Akuntansi IX

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★ **Professor Emmanuel Ikechukwu Okoye, Dr. Austin Nwekemezie Odum and Abiahu Mary Fidelis Chidoziem are Lecturers in the Department of Accountancy, Nnamdi Azikiwe University, Awka while Chinwe Gloria Odum lectures at the Department of Accountancy, Chukwuemeka Odumegwu Ojukwu University, Igbariam Campus, Anambra State, Nigeria.**

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The Future of the Accountancy Profession

By FAYEZUL CHOUDHURY

INTRODUCTION

• Thank you for inviting me here, it is a great honour to be with you to mark the Institute of Chartered Accountants of Nigeria's 47th annual conference.

• Nigeria has a special place in my heart.

• In 1981, as a recently married Senior Manager in PwC's London consulting practice I visited Lagos to lead a consulting assignment for the Nigeria National Petroleum Cooperation.

• I ended up staying for three years to develop the PwC consulting practice in West Africa and it was an experience that my wife and I thoroughly enjoyed.

• But Nigeria also has a special place in the hearts of the global accountancy profession, home to many of the real success stories in development and capacity building, and how this has equipped the profession to play its vital role in the development of Nigeria as a nation.

• Nigeria as a nation is also a leader on the African continent, and notwithstanding the many challenges you face, an inspiration for your neighbors toward stamping out corruption, and toward achieving inclusive development and prosperity.

• This leadership, and making a difference, is not about avoiding the challenges that are almost always associated with a developing economy, but it is about the zeal and passion of the Nigerian people in meeting those challenges.

• This passion, and ingenuity, is demonstrated better than anywhere among yourselves here in the audience today, Nigeria's accountancy professionals, who have come together and built a profession that you should all be very proud of.

FOUNDATION STONES OF THE GLOBAL PROFESSION

• I've been asked to speak to you today about the future of the accountancy profession.

• But as I've been preparing for our upcoming IFAC

Council meeting in Brussels, marking the 40-year anniversary of our organisation, I've spent quite a bit of time thinking about the last 40 years and just how far we've come.

• So I will start with just briefly looking back at some of the foundation stones.

• Our future will be built on these foundation stones and they are instrumental to any thinking or debate about where we might go from here.

IN THE AREA OF STANDARDS

• When IFAC's 37 founding members convened in October 1977, truly global standards for the profession probably seemed about as imaginable as the iPhones that we are now carrying around in our pockets — the stuff of science fiction!!

• But they are now a reality, with initial IFAC committees developing into a strong model of international standard-setting in audit, ethics, education, and public sector accounting.

• Global standards used by professional accountants all over the world — the underpinning of a truly global profession.

• IFAC supports the four independent standard-setting boards, which together with a unique shared public-private model of checks and oversight, comprise an excellent benchmark that has been recognised by the OECD for its unique focus on ensuring the quality of standards.

• Standards which as you would know, have been adopted in more than 100 jurisdictions.

IN THE AREA OF QUALITY AND CAPACITY DEVELOPMENT

• But simply having the standards is not nearly enough — standards need to be implemented, and become truly living documents.

• Within IFAC the global profession has also established a compliance program that is unique among professions and

industries.

- Our goal is a world where all Professional Accountancy Organisations (PAOs) across the globe comply with the same set of global standards and professional discipline.
- Whether you're dealing with an accountant in Nigeria, Bangladesh, Japan, the US or elsewhere, a uniform level of quality using the same standards promoting confidence, transparency and integrity across economies.
- We monitor, encourage and report on each other's performance and progress in meeting the promises we all signed up to, including adoption and implementation of standards, and of course the quality of the profession.
- But again, it's not enough to simply set and monitor expectations — as the profession in Nigeria is a testament, efforts to share, develop, and build capacity in the profession and in professional accountancy organisations is needed.
- The professional accountancy organisation development committee and capacity building programs at IFAC have been essential to promoting the sharing of resources among PAOs internationally, and more recently in programs such as DIFID, in order to help enable everyone to be included in the vision of a strong global profession.

IN THE AREA OF ADVOCACY

- Once again though, we need to think beyond just the important internal work involved in making sure our own house is in order.
- An experience in a recent CNBC West Africa interview on IFAC's G20 call to action — a flagship part of IFAC's advocacy work calling global leaders to take action on issues important to people's lives — highlighted to me that as a profession, our voice in global and national debate is stronger than we might think.
- The interview, which aired during their prime-time news slot at 6pm, lasted nearly 30 minutes and covered a wide range of economic and social topics important to African viewers.
- I was struck how people in Africa view the role of the profession, and the rather significant takeaway for me was how we should open our minds to how differently others may view us compared to how we tend to imagine ourselves.
- The interviewer covered a range of topics: combating poverty and Chancellor Angela Merkel's position linking this to stemming mass migrant flow to Europe; a spectrum of social issues including gender diversity in primary school education, and income inequality; tackling corruption and recovering illicit financial flows; as well as governance — not just the importance of good leadership but good followers also.
- As we discussed these crucial issues it became clear to me that the positions and platforms we have been putting forward to global leaders really do address them.
- For instance, the work that IFAC and many member organisations do on development and our strong call to combat

corruption provide us with a powerful platform to speak out on these issues in compelling and credible ways.

CORRUPTION

- An international organisation such as IFAC, representing the global profession, has a unique voice in calling for cooperation among governments and international organisations to combat corruption.
- How developing countries can not only prevent and detect, but also recoup funds taken illicitly is one angle that we don't often hear in discussions with other international organisations, such as the financial action task force or the base erosion and profit shifting project of the OECD, despite genuine efforts to include developing countries in these important conversations.
- The global profession is playing an important role pushing for these issues to be included on the agenda and addressed.

PUBLIC SECTOR FINANCIAL MANAGEMENT

- IFAC's ongoing work on public sector financial management and our AccountabilityNow. initiative are also fundamental to tackling this corruption — I'm pleased to announce a forthcoming Public Sector Financial Accountability Index to Stimulate PFM Reform. IFAC is working jointly with CIPFA to reinvigorate work toward better government accountability.

GOVERNANCE AND PARTICIPATION

- The question of governance not only demanding good leadership, but also good followers, for me gets at the heart of the need for people to speak up and act in the public interest, for individuals to work together at a community level in order to make a difference, rather than merely expecting leaders or institutions to do this for us.
- Something the profession certainly has adopted as its central tenet over the course of many decades.
- Speaking out about these issues is vital, despite being broader than many issues we spend significant time and effort on in our various committees and task forces — because having a clear, globally relevant voice on these global issues, reinforces the profession's relevance as a public interest profession.

BUT NOW TURNING TO THE FUTURE

- I hope you agree with me, accountants globally should be proud and optimistic about the legacy and foundations on which will be writing the next chapters of our profession's story.
- But let's turn to the future which is the focus for our conversation today.
- These are very turbulent times all around the world.
- Technology is racing forward at a pace never seen

before, and opening up questions around how professional accountants work.

- Economically, there is both great promise and growth in many parts of the world, including Nigeria, but also great risks.
- The political situation all over the world is becoming more subject to change and less generally stable, and I realise that these types of challenges have not been avoided here in Nigeria.
- As a profession it is important for us to think about where we fit, and how we can continue to play a valuable role and prosper in such a turbulent environment.
- In thinking about the future of our profession, rather than going too far forward, I want to just touch on a few of the key things that we really need to think about in the next 10 years or so.

FIRSTLY, GUARD OUR CORE VALUES, ETHICS

- Firstly and most importantly, we need to hold our core values close and never compromise on these.
- This includes the ethics that underpin everything we do, and are written into the fabric of all of our standards.
- And it also includes the commitment to quality and ongoing lifelong education in the profession.
- We cannot hide behind cultural norms and must aspire to a globally accepted level of integrity — this is the standard we have all signed up to in the *code of ethics for professional accountants*.

SECONDLY, EMBRACE CHANGE, TECHNOLOGY

- Secondly, we have to be ready to embrace the waves of change that are heading our way, brought by technology.
- At a global level we are thinking about how technology will impact the profession — will it open up new opportunities and new ways of doing things that will make our profession more valued and exciting than ever before?
- Or will others get there first, leading to job losses and uncertainty in the profession?
- When you think about technology it's often associated with the cutting-edge developments taking place in countries like the United States or China — things like artificial intelligence and the like.
- But as you will know, this is also a story of countries like Nigeria becoming equipped with the technology to leapfrog bigger economies in adopting new ways of doing business, interacting and transacting.
- You have a central role in this story.
- You have an invaluable contribution in inspiring the next generation of professional accountants to take up new technologies and transform the prosperity of Nigeria as well as the effectiveness of our profession in fulfilling its crucial role in the economy.

THIRDLY, ADAPTABILITY

- Thirdly, the quality of adaptability will be one of our most important assets.
- It is very difficult to predict how the future will turn out, and there are so many variables right now.
- Perhaps the only thing we know with some degree of certainty, is that the reality of our future will be different from what we are able to imagine now.
- We need to be humble enough to accept this, and adaptable enough that we are ready to take on the future with vigour.

FOURTH, TALENT IS EVERYTHING

- Fourthly, and finally, who we are as a profession really comes down to who we are as people.
- This is a mindset that has to guide the attraction and search for the next generation of our profession.
- Those coming into our profession now have a challenging future ahead, and we must ensure that we are attracting the best and brightest, and that we have in place every opportunity for them to absorb our ethics and core values, to develop their knowledge widely around technology and change, and to embrace the experiences that will equip them with the adaptability to succeed.

CONCLUSION

- I realise there are many questions left unanswered here, and that's deliberate — not to mention I don't have all of the answers!!!
- I look forward to your thoughts, comments and questions, and a great discussion with you over the next half hour.
- But I do want to leave you with some words which are prescient to the Nigerian profession.
- The author Fela Durotoye, a Nigerian, once said:
A nation is not defined by its borders, or the boundaries of its land mass. Rather, a nation is defined by a diverse people who have been unified by a cause and a value system, and who are committed to a vision for the type of society in which they wish to live, and to give to future generations.
- You have shown your commitment to this type of vision in the Nigerian profession.
- You've shown your commitment to your nation.
- And I am honoured to be able to join you in discussing our shared future. ●

★ Mr. Fayezeul Choudhury, the Chief Executive Officer of International Federation of Accountants (IFAC) delivered this paper at the 47th Annual Accountants Conference in Abuja.

47th Annual Conference:

FG Commends ICAN's Whistle-Blower Fund, Promises Implementation of IPSAS



Accountant-General of the Federation, Ahmed Idris cutting the tape to declare the conference open

President Muhammadu Buhari has commended the efforts of ICAN in supporting the anti-corruption campaign of his administration through the establishment of Whistle-blower Support Fund and Accountants' Disciplinary Tribunal.

President Buhari who was represented at the Institute's 47th Annual Conference in Abuja by the Accountant-General of the Federation, Alhaji Ahmed Idris, gave the commendation while declaring the conference open.

He also observed that accounting and auditing play key roles in public finance management through the provision of reliable financial statements of entities in both public and private sectors.

He urged accountants to put the country first in their professional endeavour in a way that negates tendencies towards corruption, adding that to put Nigeria first, government must entrench a system that would motivate and encourage youths to focus on innovation, agriculture and technology.

"All Nigerians must work together to build a Nigeria that would witness sustainable economic growth. My administration remains committed to creating the enabling environment and remains resolute in its desire to deliver good governance to Nigerians".

"I can assure you that my administration is fully committed to the timely implementation of accrual basis International Public-sector Accounting Standards (IPSAS) with a view to deepening public financial management reforms," he added.

The conference, held between October 16 and October 20, 2017 at the International Conference Centre and Abuja Sheraton Hotels and Towers, Abuja had **"Nigeria First: Accountancy, Nation Building and the Future"** as its theme. The lead paper, **"The Future of the Accountancy Profession"** presented by the Chief Executive Officer of International Federation of Accountants (IFAC), Mr. Fayeazul Choudhury acknowledged that Nigeria has a place in the

global accountancy profession and commended the Institute's role in the development of the profession in the region and continent. While advising ICAN to leverage on her position in the continent to become a strong voice in the advocacy for corrupt-free, transparent and accountable governments on the continent, he urged the Institute to play a greater role in strengthening regulations.

He also encouraged members of the Institute to be more active in governance and act as an important civil society advocate to ensure transparency and accountability.

According to him, the future of the profession should be built on its "foundation stones" which he identified as standards, quality capacity development and the protection of the public interest.

He explained that though the future looks bleak at the moment as a result of the worsening turbulence which has impacted the world economy negatively, he expressed optimism that accountants will play a major role in quickening the economic recovery. He said the way accountants respond to the rapid changes in technology will go a long way in determining the future of the profession.

Mr. Choudhury maintained that for accountants to be relevant in the future, they must not only be grounded in ethical issues but must also accept and adapt speedily to changes in processes and workflow occasioned by rapid changes in technology. He further stated that the profession must align with the aspirations of young people and consciously attract their best and brightest, adding that the future of the accountancy profession lies in the vibrancy of the youths.

Delivering his paper entitled **"ICAN Accountability Index: Reforming Public Finance Management for the Future"** the Auditor-General for Cross River state, Mr. Chris Nyong disclosed that ICAN believes that accountability is at the core of governance and that was why it launched her Accountability Index as a governance performance enhancement programme to assist government meet its goals of efficient and effective service delivery to the citizens.

According to him, lack of accountability in governance constitutes a hindrance to development; promotes waste of public resources; short-changes the citizens; and is a fertile ground for fostering corruption.

Nyong stated further that ICAN also believes that its Fiscal Accountability Index would modify behaviour, induce reforms and empower the citizenry. However, he lamented that though government's decision to adopt IPSAS as one of the steps taken to entrench accountability in the system was laudable, it has been facing the challenge of slow implementation, as majority of the states in Nigeria were yet to convert to accrual accounting.

He urged government to intensify efforts at ensuring that IPSAS implementation was not taken for granted, as he identified the sustainable pathway to accountability as involving



ICAN President with some dignitaries at the conference



IFAC Chief Executive Officer, Mr. Fayezeul Choudhury delivering his paper



Registrar of ICAN, John Evbodaghe with ICAN President, Isma'ila Zakari

policy formulation, strategic planning, budgeting, transparent procurement, sound accounting and audit oversight. He added that policy, plan and budget are inseparable in the accountability process.

He disclosed that ICAN intends to adopt the Public Expenditure and Financial Accountability (PEFA) framework because of its robustness and universal applicability. He described PEFA as a tool that helps governments achieve sustainable improvements in Public Financial Management (PFM) practices by providing a means to measure and monitor performance against a set of benchmarks across the range of important public financial management institutions, systems, and processes.

Nyong informed participants that the parties to the ICAN Accountability Index would come together and put up a structure to implement the programme, adding that assessors would be trained and sent to the field to collect data which would be analysed based on set criteria.

"To this end, ICAN intends to send personnel for the PEFA Regional Training in South Africa. The trainees would serve as a team of train-the-trainers for the project which would cover each state in Nigeria and the Federal Government. It would then rank them according to their levels of performance," he added.

Prior to the launching of the ICAN Accountability Index, the Auditor-General for the Federation, Mr. Anthony Ayine, FCA,



Cross-section of participants at the conference

charged ICAN to ensure that all levels of government are subjected to the parameters of the index and are adequately assessed. He opined that the introduction of the ICAN Accountability Index was apt and a huge boost to public financial management in Nigeria.

He pledged the cooperation and support of the federal government to the full implementation of the initiative adding that it conforms to the federal government's anti-corruption campaign.

Thereafter, Senator Gbolahan Dada who chairs the Public Accounts Committee of the Nigerian Senate and the Accountant-General of the Federation, Alhaji Ahmed Idris joined the 53rd President of ICAN to perform the official launching of the ICAN Accountability Index with the concurrence of the participants.

In her paper entitled **"Nigeria: The Future of Work and Youth Unemployment"**, the Executive Director, Faith Foundation, Mrs Nike Adeyemi lamented the paradox of high unemployment among the youth and the numerous employers who are struggling to find employable youths.

She noted that the major reason for youth unemployment in Nigeria was that the curricula of tertiary institutions in the country were not tailored to provide the kind of skills required by employers of labour. Noting that it requires reforms in the education sector to change the tide of unemployment, she called for immediate review of the curricula of universities to produce graduates with the required competence to make them more employable.

Mrs. Adeyemi lamented the weak linkage between the academia and the industry and therefore called for collaboration between



Cross-section of Past Presidents of ICAN



Lagos State Commissioner for Finance, Mr. Akinyemi Ashade (left); ICAN Past President, Mr. Chidi Ajaegbu; Mr. Jelani Aliyu; and Mr. Chinedu Echeruo during a presentation

risk, the situation could be an opportunity for accountants to re-establish themselves as chief custodian of MIS and information in view of their skills in managing risks and establishing controls.

The paper presenter painted a gloomy picture of what cyber criminals are doing across the globe. He said that information age may have refocused the roles of chartered accountants in the area of information risk management and controls for information system. This means that the accountancy profession was now central to any cyber-security strategy and its implementation by

them to check the declining quality of technical education in Nigeria. She said that if the status of vocational/technical institutions were elevated it would redirect the youths to such institutions. She reiterated the need for Government to encourage youth entrepreneurship through tax incentives and creating the conducive environments for industries.

In the plenary paper 4 with the title *“Cyber Security: What Chartered Accountants Need to Know”* the Director, Payment Systems, Central Bank of Nigeria, Mr. Dipo Fatokun, defined cyber risk as the probability that the ICT systems deployed towards efficiently managing information would be compromised thereby challenging the Confidentiality, Integrity, Availability and Accuracy of information produced by them.

He stated that this risk could also heighten other risks including operational & fraud, reputational & legal, financial and business concern. He said that though the profession was at

providing assurance for the information systems that impact on all areas of the operational and finance functions.

While presenting the data which showed that cybercrimes are on the increase and that the criminals’ major focus was on money, he advised that in the ensuing cyber environment, accountants must re-tool to ensure that they are able to continue to safeguard assets.

“Accountants must therefore understand the dynamics of the electronic payment processes and advise on proper implementation of electronic payments and controls in their various organisations,” he added.

He posited that tackling cybercrime was not a competitive issue, rather a collaborative one. According to him, no one organisation is self-sufficient in making available its entire ICT infrastructure, which suggests that no single organisation can by itself mitigate cyber risks without engaging other stakeholders.

He charged accountants to be in the vanguard of collaborative efforts to share knowledge and tackle the menace before it drives them out of business. He emphasised the need for awareness and education of employees within an organisation as a first line of defense against cybercrime.

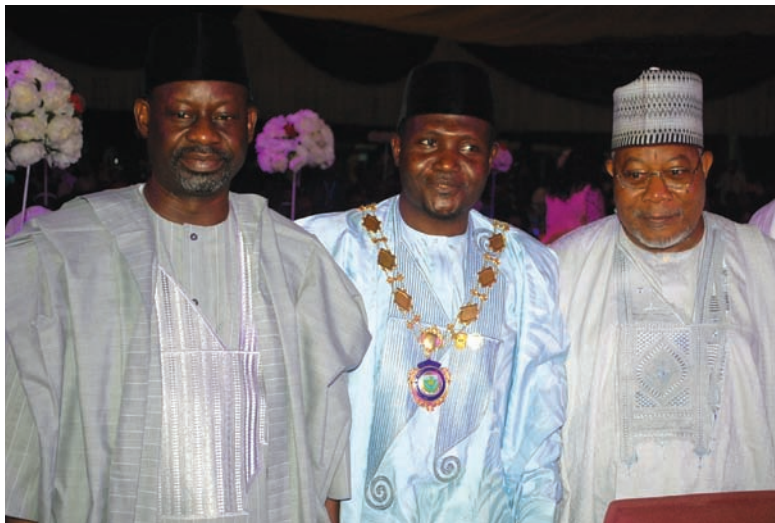
During the fifth plenary session on *“Cancer and Early Detection and Wearable Technology for Stress Management”*, which were jointly presented by the Head, Equity Sales Trading, African Alliance Investment Bank SA, Mr. Adedayo Farooq Oreagba and MD, Elyson Synergy Limited, Dr. Jacob Nwachukwu, Oreagba recounted his experience as a cancer survivor and concluded that more than 70% of deaths attributable to cancer can be avoided by early detection and treatment.

He advised that regular medical check-ups and early detection of cancer would help in its cure. He also advised accountants to contribute to the fight against cancer by identifying with charity organisations that provide Healthcare services in that area.

Dr. Jacob Nwachukwu in his presentation on “Stress Management” defined health as a state of complete



ICAN President, Isma'ila Zakari with Senator Olamilekan Adeola, FCA



Gombe State Governor, Ibrahim Dankwabo (left); ICAN President, Isma'ila Zakari; and Chairman, Jaiz Bank, Alhaji Umaru Abdul Mutallab



ICAN Registrar, John Evbodaghe (middle); Deputy Registrar, Corporate Services, Mukaila Lawal; and Deputy Registrar, Technical Services, Ben Ukaegbu



ICAN Vice President, Razak Jaiyeola and Immediate Past President, Titus Soetan

physical and mental fitness. He was of the opinion that most health challenges were due to unhealthy life styles. According to him, most ailments could be avoided by consciously maintaining healthy life styles.

Narrowing down to diabetes and stress, He advised that everyone should maintain a healthy "work-life balance", which means that one should create time to exercise and recreate away from work as these promote healthy living. He further advised against smoking, excessive alcohol intake, anger, unforgiveness as well as hatred, as these block blood vessels which could lead to health complications. He also advised that eating healthy foods promotes healthy living.

The sixth plenary session tagged **"Young Professionals: Emerging Leaders of Change and Nation Building"** was presented by the Commissioner for Finance, Lagos State, Mr. Akinyemi Ashade, FCA, representing Governor of Lagos State, Mr. Akinwumi Ambode, FCA; a Member, House of Representatives, Hon. Linus Abaa Okorie, FCA; Mr. Chinedu Echeruo, Founder, Hopstop.com and Mr. Jelani Aliyu, of Nigerian Tech Whiz.

In his presentation, Mr. Akinyemi Ashade assured that there were limitless opportunities for the youth in Nigeria. He said that the rapidly changing world simply challenges the youth to be adequately equipped to cope with the changes which in most cases would involve learning new skills.

He lamented that youths were becoming lazier and prefer to engage in cultism, armed robbery, kidnapping and cybercrimes as an easy route to wealth noting that the leaders of Nigeria in the 1950s and 1960s were youths who performed creditably. He insisted that the current youths need focus and determination to succeed like the Awolowo, the Azikiwe and the Ahmadu Bello.

Mr. Jelani Aliyu emphasised the need to urgently diversify the economy. Nigeria, according to him, was presently at a crossroad. He also emphasised the need to remain positive about the country's prospects even when many may not see the silver lining at the moment. According to him, although there were inherent challenges in globalisation, there were also opportunities waiting to be taken.

Chinedu in his own presentation advised the youth to cultivate a positive attitude to problem solving, noting that his strong passion for problem solving has been a key driver to his success. He believes imagination and creativity are strong tools for problem solving. He said that if an unfettered attention is paid to a problem, the solution comes naturally. He also said that everyone has the innate power to solve problems.

In his message, Hon. Okorie explained that the ICAN certificate was enough provider of meals throughout their lives. He expressed belief that accountants are adequately equipped to make something out of every situation. He looked forward to seeing more accountants show interest and participate in the politics of the country.

He advised the Institute to have an office in the National Assembly like several other professional associations. He also called the attention of the Institute and members to some important Bills pending at the National Assembly for



Benin and District Society of ICAN performing at the District Societies Parade



Past President Ibironke Osiyemi speaking about ICAN's Benevolent Fund while Past Presidents Ike Nwokolo and Doyin Owolabi with Gbenga Oderinde support her

amendment and appealed to the Institute to rise up and take the bull by the horn to change the narratives.

During the Workshop I on *"The Future of Corporate Reporting"* Dr. Innocent Okwuosa, FCA, posited that Integrated Reporting has arisen because of current limitations of financial reporting in meeting investors information needs. In his view, investors require more than the traditional financial information to be able to make informed investment decision.

According to him, Integrated Reporting enables an organisation to communicate in a clear and articulated way, how it is drawing on all resources and relationships to create and preserve value in the short, medium and long term, helping investors to manage risks and allocate resources most efficiently.

He advised that Accountants in Nigeria should urgently acquire

the requisite skill-sets to meet the expectations of users of financial statements while ICAN should embark on sensitisation and capacity-building by reviewing the contents of its examination curriculum and MCPE programmes.

He also insisted that the curricula of tertiary institutions offering courses in accountancy should be reviewed as necessary to expose students to new trends in the profession such as integrated reporting.

In the workshop II session on *"Islamic Finance: Global Trends and Potentials for Chartered Accountants"* presented by Mr Stephen Kyalo Muia, it was observed that though Islamic finance has its origin in the Islamic Economics and it is based on the adherence to Islamic Law, it is not restricted to Moslems.

He explained that Islamic Finance only prohibits usury, i.e. lending at an interest, in the same manner as the two other Abrahamic religions of Christianity and Judaism, adding that the misconceptions that Islamic finance has hidden religious agenda, favours Muslims and is a camouflage for suspicious funds and the general Shariah phobia are unfounded.

"The IFSS certification is a largely untapped area for accountants and the misconception that it is meant for Muslims is misplaced and has led to the underdevelopment of the sector as a result of low number of qualified IFSS experts including accountants. Chartered accountants need to understand the concept of Islamic Finance and seize the business opportunities by studying, growing and championing it. Hence its strong presence in the IFSSB Global Knowledge Gateway," he concluded.

In his welcome address, the ICAN President, Isma'ila Muhammadu Zakari, FCA, declared that one unique feature of the conference was the presentation and launching of the ICAN Accountability Index which is the first of its kind mechanism for assessing public finance management and public governance

practices of Nigerian public sector institutions including the federal, state and local governments.

He explained that the theme of the conference connotes Chartered Accountants should be ready to lead the way, combining their talent with strategy, to bring together likeminded stakeholders to brainstorm and strive to formulate practicable solutions to the nation's problems.

"In our continuing effort to sharpen our professional ethics and contribute to nation building, I am pleased to inform this audience that ICAN has recently adopted the revised global ethical code on Non-Compliance with Laws and Regulations (NOCLAR) launched by the International Ethics Standards Board for Accountants (IESBA)"

"This code is a whistle-blowing initiative which mandates professional accountants and auditors to expose any act of non-compliance to laws and regulations by their employers and clients to relevant authorities. The code guides professional accountants and auditors on actions to be taken in the public interest when they become aware of a potential illegal act committed by their clients or employers," he declared.

Declaring the conference close, the Lagos State Commissioner for Finance, Mr. Akinyemi Ashade, FCA, expressed appreciation to those who took time out to attend the conference. He also

commended the Institute for putting the conference in place, advising that those in authority should make use of suggestions and advice given by participants.

The conference was attended by a total number of 4,225 delegates including resource persons and invited guests, compared to last year's figure of 3,702. A total of 11 countries were represented at the conference including Benin Republic, Cameroon, Canada, Gambia, Ghana, Niger Republic, Sierra Leone, Togo, United Kingdom, United States of America and Nigeria, the host country.

Apart from paper presentations, workshops and plenary sessions, there was a Gala nite on Thursday during which a

highlife musician, Mr. Sanni Danja entertained the participants. There was also an open raffle draw in which a member of the Institute, Mr. Adetoki Adebisi Adegbuyi (MB 40876) won brand new Hyundai car. Other prizes like LCD television, gas cookers, laptops, fridges, were also won during the Gala.

Aside this, the Institute also organised a National Essay Competition for undergraduates of tertiary institutions in the country. Awards and recognitions were given to the first three winners who attended the conference. The best three winners are: Nwabufo Juliet Amaka (1st), Abdulsalam Ibrahim Korede (2nd), Amuda Mujeeb Olaolorun (3rd). Other programmes of the conference include District Societies performances, sporting activities, excursions and exhibitions. ●



Gombe State Governor, Ibrahim Dankwabo (2nd left); ICAN President, Isma'ila Zakari (2nd right); pose with the ICAN Essay Competition Winners at the Conference



Mr. Adetoki Adegbuyi who won the star prize of brand new Hyundai car at the gala nite

Monkeypox:

What You Need to Know

What is monkeypox?

Monkeypox is a disease caused by a virus. It was first found in laboratory monkeys. Monkeypox is a common animal disease of rodents, such as mice and squirrels, in the Central and West African rainforests. The public health department needs to be informed of a monkeypox infection. It is a public health concern because the infection spreads quickly.

How is Monkeypox Spread to Humans?

The virus can enter through a cut in your skin, or through mucus membranes (eyes, nose, or mouth). You can also breathe it in. Any of the following can increase your risk for monkeypox:

- A bite or scratch from an infected rodent, squirrel, or prairie dog.
- Direct contact with skin sores, blood, or body fluids of an infected person or animal.
- Direct contact with bedding or other items used by an infected person or animal.
- Breathing in air contaminated with the germs after an infected person coughed or sneezed.

What are the Signs and Symptoms of Monkeypox?

Fever is usually the first symptom, followed by a rash 2 to 3 days later. The rash is first seen on the middle of the body. The rash later spreads to the arms, legs, and head. Rashes may start as a blister or a raised bump filled with pus. The rash may later get crusty, scab over, and fall off. It is common for lymph nodes to get big and swollen. Lymph nodes in the neck, back of the neck, groin, and armpits may be affected. You may also have any of the following:

- Chills and sweats.
- Headaches, backaches, or muscle pains.
- Feeling more tired than usual.
- Sore throat or cough.
- Shortness of breath.

How is Monkeypox Diagnosed?

Your healthcare provider will examine you and ask about your symptoms. Tell him if you had any recent animal bites. Tell him if you have recently cared for or visited a person who has monkeypox. You may also need any of the following:

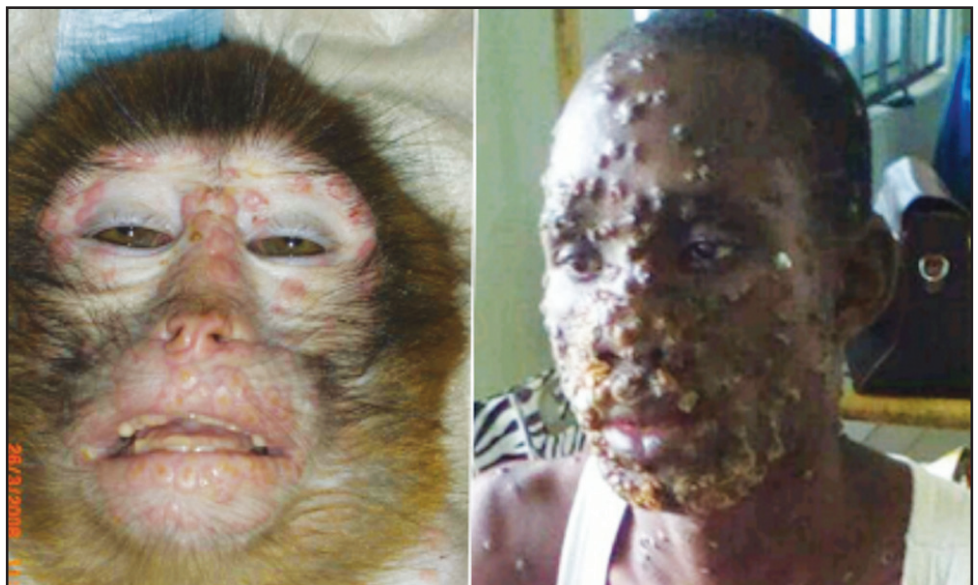
- **Blood tests** are used to check for the monkeypox virus.

- **A biopsy** is a procedure used to take a sample to be tested. Healthcare providers may collect samples of skin, fluid from the blisters, or crust from the sores. These samples will be tested for the monkeypox virus.

- **A throat swab culture** is used to take a sample from your throat to be tested for the virus. A throat culture is done by rubbing a cotton swab on the back of your throat.

How is Monkeypox Treated?

Medicines may be given to treat symptoms such as fever, pain, or coughing. A smallpox vaccination may be given to help your body fight the monkeypox virus. You may need immune globulins



or antiviral medicines if your symptoms are severe.

What can I do to Manage my Symptoms?

- **Eat a variety of healthy foods.** Healthy foods include fruits, vegetables, whole-grain breads, low-fat dairy products, lean meats, fish, and beans. Healthy foods may help you feel better and have more energy.
- **Rest as needed.** You may feel like resting more. Slowly start to do more each day. Rest when you feel it is needed.

What can I do to Prevent the Spread of Monkeypox?

Your healthcare provider will report your monkeypox illness to the public health department. Do the following until your healthcare provider says that you can no longer spread monkeypox to others:

- **Do not** go to work, school, or other public areas until your healthcare provider says it is okay. You may still be able to give monkeypox to others even after you feel better.

- **Tell healthcare providers that you may have monkeypox before they come in direct contact with you.** They need to take steps to protect themselves and their staff from the virus.

- Wash your hands often, especially before you eat, and after you touch anything or use the bathroom.

- Avoid being around others whenever possible. Limit your movement inside your house. Limit visitors. Wear a mask when other people are in the room with you. Have your visitors wear masks. Cover your mouth and nose when you sneeze or cough. Wear clothing that covers your rash when you must be around other people. This may include long sleeves and long pants.

- Your family members, visitors, and coworkers should pay special attention to how they feel. They should watch for fever or signs of sickness for 3 weeks after visiting you. Anyone who develops a fever or rash should call his healthcare provider right away.

How do I Safely Care for Someone who has Monkeypox?

- Have the person stay in one part of the home. Do not allow visitors or pets in that area if possible. Have the person wear a mask when other people are in the room. Everyone should wear a mask when in the person's room.

- Wash your hands before and after you go into the person's room. Frequently clean all items and surfaces touched by the person. Use a household cleanser that kills germs. Use disposable (single-use) gloves while you clean, wash, or handle bedding, eating utensils, or used tissues. Only use the gloves once and then throw them away. Wash your hands after you wear the gloves.

- **Do not** share beddings, linens, or eating utensils with the person. These items may be used again after they have been cleaned with hot water and soap.

- Pay close attention to how you feel. See your healthcare provider if you get a fever, rash, or start feeling sick within 3 weeks of being exposed to monkeypox.

What should I do if I think my Pet has Monkeypox?

- Any pet may get infected with monkeypox. If you think your pet may have been exposed to monkeypox, call your veterinarian. Your pet may need to be kept away from people and other animals. Keep the animal in a room that is away from the rest of the house.

- If your pet has been exposed to the monkeypox virus, **do not** release it into the wild or give it to an animal shelter. Your pet may be dangerous to other animals and people.

- Wear single-use gloves when you handle your pet or objects that have come in contact with your pet. Wash your hands with soap and warm water after you remove the gloves.

- If you have an animal that you think has died from monkeypox, put it in a sealed plastic bag. Put that bag into a second sealed plastic bag. Wear disposable gloves to do this and wash your hands after. Call your veterinarian or local health department so they can take the animal away. **Do not** bury the animal or throw it or its belongings in the garbage. ●

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Avoidance Devices in Nigeria's Personal Income Tax Act: A Challenge to States' Revenue Generation

By **KIABEL BARIYIMA DAVID**

In Nigeria, the law that regulates the rules and practices of personal income taxation is the Personal Income Tax Act Cap P8 Laws of the Federation of Nigeria, 2004 (as amended). The main objective of this paper is to highlight the major tax avoidance loopholes in the law that have been enabling the personal income tax payers to reduce their tax liabilities. Secondary sources of data, through critical survey of literatures and various shade of opinion and legend pronouncements on the practice of the personal income tax administration were used. The paper concluded that avoidance loopholes in the Nigerian Personal Income Tax Act constitute a major impediment to state governments' revenue generation in Nigeria. It is recommended for a total review by the National Assembly, of existing avoidance loopholes with a view to expunging them from Nigeria's Personal Income Tax legislation.

Keywords: Tax Avoidance, Avoidance Devices, Personal Income Tax, Nigeria.

INTRODUCTION

For a government to execute its various functions in any given society, it surely would need financial resources. An efficient way of making such resources available to the government is for individuals as well as corporate organisations to make some obligatory contributions in the form of taxes. In Nigeria, taxes are paid to local, state and federal governments, as specified by various pieces of government legislation which come, predominately, in the form of Acts of Parliament. Taxes, thus, is one major means of generating revenue for the government and at the same time a cost to taxpayers. As a "cost", taxes when paid, depletes the disposable income of individuals and the distributable profits of corporate bodies. Naturally therefore, taxpayers would seek out ways and means of lessening this burden. These ways and means may, at times, be fraudulent and at other times, a sensible manipulation within the confines of the law. In Nigeria, individual

taxpayers are liable to tax on their income, whether as employees or self-employed persons, under the relevant income tax law. The current law regulating the assessment and collection of personal income tax in Nigeria is the Personal Income Tax Act Cap P8 Laws of the Federation of Nigeria (LFN), 2004. The Act makes provision for the imposition of tax on the income of all individuals (whether as employees or self-employed persons), communities and families, trustees and estates throughout the country. By the provisions of the Act, a person liable to personal income tax must either be resident in Nigeria (whether or not he is a Nigerian) or if not resident (whether as a Nigerian or not) must be deriving income or profits from Nigeria in respect of a business, trade, profession, vocation or employment carried on, or exercised in Nigeria. Thus, resident individuals are liable to tax on their worldwide income while non-residents are taxable only on that portion of their income attributable to their Nigerian operations. Although the federal

government has legislative powers on the taxation of individuals, each state (through the State Internal Revenue Service) assesses, collects and keeps the proceeds in respect of individuals resident within the state. The federal government (through the Federal Inland Revenue Service) assesses and collects taxes due under this Act from the following other categories of individuals: Employees of the Nigeria Army, Navy, Airforce and the Nigeria Police (excluding those working for the police in a civilian capacity); officers of the Nigerian foreign service as well as persons who are not resident in Nigeria but derive income or profit from Nigeria.

The greatest problem that had been identified to be responsible for the substantial revenue leakages from personal income tax (and indeed, revenue generation through taxation) is the problem of tax avoidance and tax evasion. The Nigerian government has for the umpteenth time complained of the widespread incidence of these “twin devils” in the country as companies and other taxable persons employ various tax avoidance devices to escape or minimise taxes or deliberately employ fraudulent ways and means of evading tax altogether sometimes with the active connivance of tax officials. Although tax avoidance is generally accepted as a legitimate means of reducing the quantum of taxes payable by individuals and corporate bodies, in modern times, however, most nations of the world are beginning to question the existence of avoidance devices available to taxpayers.

In this paper a critical literature survey of the various shades of views on the practice of tax avoidance was undertaken. The variety of avoidance devices as well as the anti-avoidance provisions of the Nigerian Personal Income Tax legislation are discussed. The paper argues that avoidance devices in the tax Act constitute a major challenge to state governments’ revenue generation through personal income taxes and recommends, in line with current thinking, the elimination of avoidance devices from Nigeria’s personal income tax legislation. First, we examine briefly the Nigerian tax environment.

Highlights of Personal Income Taxation in Nigeria

The Nigerian tax system is basically statutory in nature, featuring a mixture of direct and indirect taxes and comprising, at present, of at least 55 taxes, levies and fees statutorily recognised. In addition to these, there are a plethora of other taxes and levies such as customs and excise duties, mining rents, royalties and premiums on petroleum provided for under different laws as well as a myriad of levies collected by local government authorities outside the ambit of the law (Okauru, 2012). The Nigerian 1999 Constitution vests in each tier of government the power and duty to charge and collect the various taxes, levies and rates as allocated to it. By virtue of the Taxes and Levies (Approved List for Collection) Act Cap T2 LFN, 2004 as amended in 2015 via the “Schedule to the Taxes and Levies (Approved List for Collection) (Act Amendment) Order 2015” – an Act aimed at avoiding taxes multiplicity by demarcating spheres of collectible taxes among the three tiers of government – a total of 25 taxes/levies are collectible by state governments in Nigeria, nine by the Federal government and twenty-one items allocated to the local government. The taxes and levies collectible by state governments include:

Personal Income Tax: (a) Pay-As-You-Earn (PAYE); (b) Direct (self and government) assessment; Withholding tax (individuals only); Capital Gains Tax (individuals only); Stamp Duties (instruments

executed by individuals); Pools Betting and Lotteries; Gaming and Casino Taxes; Road Taxes; Business premises registration fees in respect of urban and rural areas which includes registration fees and per annum renewals as fixed by each state; Development Levy (individuals only) not more than N100.00 per annum on each taxable individual; Naming of Street Registration fee in state capitals; Right of occupancy fees on land owned by the state government in urban areas of the state; Market taxes and levies where state finance is involved; Land Use Charge, where applicable; Hotel, Restaurant or Event Centre Consumption Tax, where applicable; Entertainment Tax, where applicable; Environment (Ecological) Fee or Levy; Mining, Milling and Quarrying Fee, where applicable; Animal Trade Tax, where applicable; Produce Sales Tax, where applicable; Slaughter or Abattoir Fees, where State Finance is involved; Infrastructure Maintenance Charge or Levy; where applicable; Fire Service Charge; Property Tax; where applicable; Economic Development Levy, where applicable; Social Services Contribution Levy, where applicable and Signages and Mobile Advertisement, jointly collected by States and Local Governments.

Personal Income Tax Act Cap P8 LFN, 2004 is the law that provides the rules and practices of personal income taxation in Nigeria. The Act identifies taxable persons, the residence of these taxable persons, the source or origin of the income assessable to tax and goes on to tax such income. Two forms of taxes are payable under this Act: the PAY-AS-YOU-EARN (PAYE) for employment income and the direct (self and government assessed) taxes on income or profits from a trade, business, profession or vocation. Although the Federal Government legislates on this tax, the various state governments (through their respective State Internal Revenue Service) administer personal income tax. The scope of the Personal Income Tax law covers individuals and groups of individuals earning income from a trade, business, profession or vocation; employment and investment (with returns in the form of dividends, rents, interests or royalties).

In order to reduce the overall tax burden on taxpayers through enhanced allowances, providing stiffer penalties for offences and generally to increase the compliance rate among other reasons, the principal Act, i.e. the Personal Income Tax Act Cap P8 LFN, 2004, was amended via the Personal Income Tax (Amendment) Act, 2011 with effective date from the 14th day of June, 2011. The 2011 Amendment Act, amended/deleted thirty-six sections of the Principal Act and also modifies the first, second and third schedules to the Act. Highlights of the amendment include the withdrawal of all tax free allowances such as housing, transport, leave, entertainment etc previously enjoyed by employees as well as the replacement of personal relief of N5,000 plus 20% of gross income with a Consolidated Relief Allowance (CRA) of N200,000 or 1% of gross income (whichever is higher) plus 20% of earned income. The CRA with the exempt items (as provided for in paragraph 2 of the new sixth schedule) i.e., National Housing Fund Contribution, National Health Insurance Scheme, Life Assurance Premium and National Pension Fund Contribution are deducted from the taxpayer’s total income to arrive at the chargeable income. Income tax is then levied at graduated progressive rates of 7% on the first N300,000 of the individual’s annual income, 11% on the next N300,000, 15% on the next N500,000 and a further 19% on any additional N500,000. A further rate of 21% will apply if the individual’s income is N1,600,000 and any further income in

excess of N3,200,000 is taxed at the maximum rate of 24%.

Basis of Liability to Personal Income Tax in Nigeria

“Residence” is the main basis of tax liability in Nigeria. The English word, “reside” is defined in the Oxford English Dictionary as meaning “to dwell permanently or for a considerable time; to have one settled, or usual abode, to live in or at a particular place”. Residence determines the extent to which a taxpayer’s income is liable to tax under a tax jurisdiction. In Nigeria, a resident person (whether as an individual or corporate body) is liable to tax on the worldwide income. That means the taxpayer is liable to tax on the income or profits ‘accruing in, derived from, brought into, or received in Nigeria. An individual may be resident or non-resident for tax purposes. An individual is considered resident in Nigeria, if he is domiciled in Nigeria, is physically in Nigeria for at least 183 days in any 365-day period, or serves as a diplomat or diplomatic agent of Nigeria in a country other than Nigeria. A non-resident individual is defined as an individual who is not domiciled in Nigeria or who stays in Nigeria for a period(s) of less than 183 days in a 365-day period but derives income or profit from Nigeria. Non-residents are liable to tax on territorial basis, i.e., only on the profits or income deemed to be derived from Nigeria. In effect, by Section 10(1) of PITA income earned by expatriates working in Nigeria or by expatriates outside Nigeria for work performed in Nigeria is liable to personal income tax in Nigeria. By the provisions of the Act, income from paid employment shall be deemed to be derived from and so taxable in Nigeria if the employee is in Nigeria for a period or periods amounting to 183 days or more in any 12-month period; and the employer is in Nigeria and the duties of the employment are wholly performed in Nigeria. It must be pointed out that the 183-day rule applies to employees only under the Act. All other individuals are liable to pay tax on all income from a source inside or outside Nigeria, if they are resident in Nigeria but if resident outside Nigeria, the income attributable to their operations in Nigeria is chargeable. Thus, expatriates who have a permanent residence permit in Nigeria are liable to tax in Nigeria even if they spend less than 183 days in Nigeria. The provisions as they relate to residents apply to both local and expatriate employees in Nigeria.

Personal Income Tax and Revenue Generation in Nigeria – Prior Studies

A number of studies on the impact of personal income taxes on states’ internally generated revenue have been conducted. For example, Nassar & Fasina (2005) assessed the impact of personal income tax on Oyo State’s revenue profile for the period 2000 to 2006 and found that personal income taxes have the highest contribution of 68.4% effect on the state’s Internally Generated Revenue (IGR) profile.

As reported in Mohammad (2015), Mohammed’s (2007) study of the impact of Direct Assessment tax on the revenue profile of Zamfara State found Direct Assessment (a form of personal income tax) to have no significant impact on that State’s IGR. Similarly, a study on the assessment of personal income tax in Kaduna State found Direct assessment tax to be ineffective as a source of IGR (Mohammad, 2015). Mohammad (2015) assessed the contribution of personal income tax as a source of revenue for State governments in Nigeria for the period, 2010 to 2014. The study found personal income taxes (PAYE and Direct assessment) collection to be weak

when compared with the total revenue generated for the period under study. The study indicated that State governments in Nigeria substantially rely on the Federation account monthly allocation.

Mohammad’s (2015) findings appear to have echoed the publication by the Presidential Committee on the development of the National Tax Policy. That committee in July 2008 circulated a “Draft National Tax Policy Document” which showed that Personal Income Tax, vis-à-vis other taxes such as Corporate Tax; Value added Tax; Customs and Excise duties; Petroleum Profits Tax and Royalty bears no ratio at all to the total tax collection of the country. Nigeria places no reliance on Personal Income Tax as the tax accounts for 0% of the country’s total tax revenue, placing reliance, instead, heavily on Petroleum Profit Tax which accounts for 55% of total tax revenue.

The very poor performance of Personal Income Tax in Nigeria vis-à-vis the other taxes had been attributed to a variety of problems occasioning substantial revenue leakages to the government. Agbonika (2012) had identified the “twin evils” of tax avoidance (and tax evasion) as “the greatest impediment to revenue generation via taxation”. Given Agbonika’s (2012) position (a product of her Doctoral thesis), it would appear that the poor performance of personal income taxes, as had been revealed from the empirical works reviewed, may be blamed on the problem of tax evasion and tax avoidance. Tax avoidance is however, the focus of this paper.

The Concept of Tax Avoidance

Black’s Law Dictionary defines the term “tax avoidance” as the “minimisation of one’s tax liability by taking advantage of legally avoidable tax planning opportunities”. It arises in a situation where the taxpayer arranges his financial affairs in a way that would make him pay the least amount of tax without infringing the legal rules. From above, it may be argued that tax avoidance and tax planning are the same and are used interchangeably. What the tax authorities call “avoidance” is referred to by the taxpayers and their consultants as tax planning (Agbonika, 2012; Fowokan, 2009). As Alabi (2001) puts it, tax planning involves taking conscious efforts to consider the amount of tax that will be payable by a taxpayer at a future date and how such tax can be minimised. Planning involves anticipating a set of circumstances and the identification of opportunities to minimise or defer tax liabilities within the law. Clearly, tax planning is an effort on the part of a taxpayer to minimise his exposure to tax. Tax cannot be planned after the tax had been incurred or the income has been earned. Thus, both tax planning and tax avoidance are the same since avoidance schemes are often carried out after a critical review of the tax laws. The taxpayer can then implement devices to exploit the gap, loopholes or ambiguities in the tax laws that would enable him avoid or minimise tax. Tax avoidance is, thus, a matter of being sensible. This may be true because as Bassey (2003) explains; “whereas the tax authority will like to take every advantage available to it under the laws to empty the taxpayer’s pocket, the taxpayer is in like manner entitled to be wise to adopt lawful means to prevent the depletion of his pocket by the tax authority”.

The following excerpts taken from the Report by the Royal Commission on Taxation of Profits and Income (1955) clarifies the concept of tax avoidance. Tax avoidance is a transaction in which the taxpayer:

- (a) Avoids tax by tax planning in taking advantage of provisions for deductions and reliefs;
- (b) Adopts some artificial or unusual means for the purpose of avoiding tax;
- (c) It is carried out lawfully; and
- (d) It is not a transaction which the legislation had intended to encourage...

Clearly, tax avoidance is an act carried out within the limits permissible by the tax laws even though the law makers may not have originally intended to create the gaps, loopholes or ambiguities in the law.

People avoid paying taxes, especially in the Nigerian situation, for a variety of reasons. The reasons include high rate of taxes and the existence of legal loopholes in the taxing statutes arising from inadequately drafted tax legislation (Ayua, 1996; ICAN Study Pack, 2009). Other reasons that may spur people to avoid paying taxes in the views of Ogundele (1999) are: taxpayers' perception of unfair tax laws; lack of judicious use of public funds; discriminatory use of public funds; and the preponderance of evasion by other taxpayers.

Attempts by taxpayers to minimise tax liabilities after the income has been earned do often result in "tax evasion". This is another serious impediment to government revenue generation through taxation and must be distinguished from tax avoidance. Tax evasion is the fraudulent, dishonest, intentional distortion or concealment of facts and figures with the intention of avoiding the payment of, or reducing the amount of tax otherwise payable (Farayola, 1987). Tax evasion is an outright dishonest action whereby the taxpayer endeavours to reduce or escaping entirely payment of tax through the use of illegal means. It is a criminal act under the tax laws. Evasion may be accomplished through: (a) Failure to pay tax, e.g. withholding tax; (b) Failure to submit returns; (c) Omission or misstatement; (d) Understating income; (e) Overstating expenses; (f) Forgery, fraud, wilful default or neglect; (g) Giving false statements and returns for the purpose of obtaining any deductions, set offs, relief or refund, etc. The tax laws provide for prosecution in cases of tax evasion and penalties are mainly in the form of court fines, on conviction (Arogundade, 2005).

Avoidance Devices in the Personal Income Tax Act

The expression "avoidance devices" as used in this paper, denote means or measures adopted by taxable persons to reduce liability to tax without violating the legal provisions. Avoidance devices may come in the form of reliefs or allowances, provisions or legal loopholes arising from inadequately drafted tax legislation. Nigeria's Personal Income Tax Act contains a legion of such devices often taken advantage of by taxable individuals, some of which are examined in the following paragraphs:

The sixth schedule to the Personal Income Tax (Amendment) Act, 2011 provides for the following allowances and tax exempt deductions: A Consolidated Relief Allowance (CRA); Tax exempt deductions in the form of National Housing Fund Contribution (NHF); National Health Insurance Scheme (NHIS); Life Assurance Premium (LAP); National Pension Scheme (NPS); and Gratuities.

These tax-free allowances and reliefs which are intended to lighten the individual's tax burden may be taken advantage of through the individual's involvement in, or contribution

to the schemes. They are deductions from the individual's gross emoluments which means lower chargeable income and ultimately, lower tax payable. The contributions are thus a means of tax avoidance since they represent untaxed income put aside for the future. Every taxpayer under the Act, is entitled to a claim of the Consolidated Relief Allowance. Personal tax liability may also be minimised by a taxpayer taking a life insurance policy on himself and wife. Whatever amount of premium payable on such life policies are tax deductible, hence, lower tax payable.

A taxable person engaged in a trade, business, profession or vocation may minimise liability to tax by his choice of the date of business commencement. Under the Nigerian tax laws, government tax year is a period of twelve months running from 1st January to 31st December. Where the taxable person commenced business on a date that is close to the end of the tax year, the shorter will be the basis period for the first year and consequently, the lower tax payable, if any. By the commencement provisions, the assessable income of the first year in business is the income from the date of commencement to the following 31st December.

On commencement of a business, the taxable person may also reduce tax payable by taking advantage of the taxpayer's option contained in S. 24(d) of the Act. By the provisions, the taxpayer may elect to have the second and third years of assessment to be based on the actual incomes of those years and not on the preceding year basis so long as the total actual incomes for the two years are lower than those under the preceding year. Again, the lower the income, the lower the tax payable.

The provisions in the fifth schedule to PITA, 2004 relating to capital allowances claim on qualifying capital expenditure is another avenue for tax avoidance. Where the taxable person had incurred capital expenditure in a basis period on items such as plant and machinery, furniture and fittings, buildings, agricultural plants, motor vehicles, etc, he will be granted capital allowances on the assets, if he made a claim and satisfies the other conditions for the grant of the allowances. These allowances are a means of tax avoidance as they are allowed to be deducted from the business adjusted profits.

There are a number of other devices often used to reduce or minimise an individual's potential tax liability. These other devices constitute loopholes in the Act, which the law makers may not have intended. These avenues regarded by some as illegitimate (Agbonika, 2012), include but are not limited to those discussed hereunder.

An individual may avoid tax by opting to be paid for his services in shares. This is beneficial, taxwise, to the taxpayer since dividends attract 10% withholding tax. This is definitely lower than the personal income tax rate. Besides, when the shares are eventually disposed of, capital gains thereon no longer attract tax, effective from 1st January, 1998.

Tax, may also be avoided by an individual engaged in a trade or business by him taking a mortgage loan for purchase of an owner-occupied residential house. Interest on the loan is deductible in arriving at the taxable profit of the trade or business.

Tax liabilities may be minimised by a sole proprietor converting his business into a limited liability company or partnership. With a partnership, income is split among the partners, and each partner claiming reliefs and allowances on his/her share of the partnership income, thus paying reduced amount of tax. If the business is

incorporated under the small business category, (provided it is either in the business of manufacturing, agricultural production, wholly export trade or mining of solid minerals), the concessional rate of 20% will apply on the total profit for a minimum of three years from commencement but which could be extended to a maximum of five years if certain conditions are satisfied. Additionally, the business is exempted from payment of minimum tax if it is an agricultural trade or business.

Benefits-in-kind are generally taxable but the values at which such benefits are taxable are usually lower than what it cost the employer in providing such benefits. Consequently, the employee taxpayer could avoid tax where the employer provides him with living accommodation rather than cash allowance. This is because the rateable value of the house is what constitutes taxable income in the hands of the employee and it is usually lower than the cash allowance.

Compensation for loss of office under the Act is tax exempt. Therefore, where an employer pays a lump sum to an employee who is leaving and tagged it "compensation for loss of office" such income will not attract tax in the hands of the recipient employee.

These are only few of the avenues available to reduce or minimise an individual taxpayer's potential tax liability. The list is by no means exhaustive. What should be clear, however, is that when loopholes in the tax legislation have been exploited for purposes of tax avoidance, the tax laws would not have been breached. Our interest in this paper is primarily the steps to be taken to block the loopholes in the Personal Income Tax Act to enable government realise the much needed tax revenue from this, rather, poor revenue generating source. We examine next, anti-avoidance legislation.

Anti-Avoidance Measures

Where loopholes are found to exist in the tax Acts, steps are taken to block the loopholes. There are provisions in the Personal Income Tax Act, referred to as "anti-avoidance provisions" meant to combat tax avoidance. Anti-avoidance provisions are those "statutory provisions which seek to prevent an escape from liability to tax by a taxpayer using artificial or fictitious transactions to dodge tax" (Maples & Temples Associate, 2000). Two approaches towards combating the problem had been suggested – legislative and administrative measures (Agbonika, 2012). While the administrative measures is preferred over the legislative approach as the latter is considered ineffective because of the slow nature of the legislative process, the administrative approach, Agbonika (2012), had would enable the Ministry of Finance to either by itself or the Relevant Tax Authority (RTA) make adhoc regulations that would curb avoidance devices as they are discovered. Since the Ministry or the RTA does not have the power under the Act presently, she had accordingly, suggested an amendment to the PITA to include a provision delegating the power of regulation making for effective administration of the Act. A further suggestion made is for the taxpayers to be compelled to disclose to the Tax Office, the method adopted in planning their tax as a pre-requisite for seeking relief. This will enable the tax office to tighten its anti-avoidance rules.

Notwithstanding, the approach to be adopted in blocking the loopholes, there are two forms of anti-avoidance legislation – specific anti-avoidance legislation and general anti-avoidance

legislation (ICAN, Study Pack, 2009). Specific anti-avoidance legislation is that provision made to block particular or known loophole or loopholes. The problem with this form is that with one loophole blocked, the taxpayer would search out other loopholes and exploit same so that there are bound to be several and unending specific anti-avoidance legislation. As the legislators cannot accurately foresee all the schemes that the determined taxpayer could device, General anti-avoidance legislation becomes necessary. General anti-avoidance legislation confers on the Revenue the power to disregard all transactions entered into that could be proved to have been entered into solely for tax avoidance purposes.

In the United Kingdom where consideration have been given to the introduction of general anti-avoidance rules, it was concluded that this form of anti-avoidance rules might be the way forward. Such rules, it was considered, are to be drafted such as not to infringe on the rights of taxpayers and that normal commercial transactions are not jeopardised in the process. A trial of general anti-avoidance legislation in Australia, Canada and New Zealand met with little success (ICAN Study Pack, 2009). This tends to support the view that specific anti-avoidances legislation may be more desirable. In Nigeria, Section 17 of the Personal Income Tax Act, contains General anti-avoidance provisions intended to combat the various avoidance schemes. The provisions of Section 17 of PITA, 2004 is targeted at counteracting most of the tax avoidance schemes earlier discussed. Subsection 1 of the Section provides thus:

Where a tax authority is of the opinion that any disposition is not in fact given effect to or that any transaction which reduces or would reduce the amount of any tax payable is artificial or fictitious, the tax authority may disregard the disposition or direct that such adjustment may be made as respects the income of an individual, an executor or a trustee, as the tax authority considers appropriate so as to counteract the reduction of liability to tax effected, or reduction which would otherwise be effected by the transaction.

The above section affects "disposition" and transactions, and in certain circumstances, it empowers the tax authority to: (i) disregard the dispositions; or (ii) counteract the tax effects of the transactions.

Disposition is defined in the Act, to include any "trust grant, covenant, agreement or arrangement". Under "disposition" are, thus, included all ways in which property or income can be alienated to other persons. The Revenue can disregard these dispositions that are not, in fact, given effect to. By Section 17(3) (b) transactions between related persons, persons who are controlled by another person, or one of whom is controlled by the other – generally, "connected persons" – are regarded as artificial or fictitious transactions. On the whole, by these provisions, when a transaction has the effect of reducing the liability to tax by the person making the transfer, disposition or sale, the Revenue may disregard such transfer and direct that appropriate adjustment be made to reverse the effect of such disposition or sale in reducing the liability to tax. The robust anti-avoidance measures of Section 17 of PITA, notwithstanding, tax planners are continuously in search of ingenious and more sophisticated means of avoiding tax. Therefore, the legislative approach alone may just not be sufficient to counter avoidance schemes. To this end, this paper agrees with

the submission by Agbonika (2012) for administrative measures (by an amendment to the Act) that would allow the Ministry of Finance or the Relevant Tax Authority to make adhoc regulations that would curb avoidance devices as they are discovered. As she pointed out, this is usually a consistent feature of most tax legislation.

Tax Avoidance – A Social Evil That Must Be Checked

Paying taxes constitute a cost to the taxpayer. To the individual taxpayer, tax cost and eventual payout goes to deplete his disposable income even though a means of revenue generation for the government. To the extent that no tax laws are violated, the view is being held by many that the taxpayer has the right to order his affairs in such a way as to reduce, or even, escape tax payment. In other words, a taxpayer may not be in breach of the laws if he is sensible to implement devices to exploit loopholes in the tax laws that would enable him avoid or minimise tax. Early landmark judicial decisions on tax avoidance cases support this view. For example, Lord President Clyde in *Ayrshir Motor Services and D.U. Ritche vs C.I.R.* (1929) 14 TC said:

No man in this country is under the smallest obligation, moral or other, to arrange his legal relations to his business or property as to enable the Inland Revenue to put the largest possible shovel into his stores ... the taxpayer ... is entitled to be astute to prevent so far as he honestly can, the depletion of his mean by the Revenue.

Similarly, an American Judge, Learned Hand in *Helvering vs Gregory* 69F 2nd 809, 810 (2nd Cir, 1934) declared:

Anyone may so arrange his affairs that his taxes shall be as low as possible; he is not bound to choose that platform which will best pay the Treasury; there is not even a patriotic duty to increase one's taxes.

And Pratte, J. in *Products Inc vs The Queen* (1976), 76 DTC, held that:

There is nothing reprehensible in seeking to take advantage of a benefit allowed by the law. If a taxpayer has made an expenditure which, according to the Act, he may deduct when calculating his income, I do not see how the reason which prompted him to act, can itself made this expenditure non-deductible.

The above pronouncements are in agreement with the legality argument by tax experts that:

If there is a loophole that can result in tax avoidance, so be it, the parliament is free to block such loopholes anytime it is noticed or at least legislate against its exploitation! You cannot on moral ground, place more tax burden on a taxpayer than is placed on him by the express wordings of the statutes (Ogundele, 1999).

Ogundele's (1999) position throws up the question as to whether or not tax avoidance is a moral issue. Put differently, is it "really healthy to use loopholes in the tax laws of the land to unjustly reduce one's fair contribution to one's country thereby placing more tax burden on other members of the society"? Tax avoidance from the moralist viewpoint contributes to tax inequity and negatively affects government revenue by its shrinking of the anticipated tax base. In spite of the moralist position, "there are still some judges who think that tax avoidance is not a moral issue and should not therefore be stigmatised as undesirable practice by the courts" (Ayua, 1999).

The above, rather disturbing judicial pronouncements, suggest that there was nothing illegal in tax avoidance. And as Ayua (1999) pointed out, "the judges did not appreciate the significance of taxation as an economic tool for stimulating the overall development of the country ... and the need to ensure that taxation generates the required revenue by pronouncing against tax avoidance schemes...". He would rather agree with judicial pronouncements that sees tax avoidance not as a commendable exercise but an evil exercise which should be prevented. The following decided cases are pointers to this position. Lord Simon in *Latilla vs C.I.R.* (1943) A 377 held:

My Lords, of recent years much ingenuity has been expended in certain quarters in attempting to devise methods of disposition of income by which those who were prepared to adopt them might enjoy the benefits of residence in this country while receiving the appropriate burden of British taxation. Judicial dicta may be cited which point out that; however elaborate and artificial such methods may be, those who adopt them are entitled to do so. There is of course no doubt that they are within their legal rights, but there is no reason why their efforts or those who assist them in the matter, should be regarded as a commendable exercise of ingenuity or as a discharge of the duties of good citizenship. On the contrary, one result of such methods, if they succeed, is of course to increase pro tanto the load of tax on the shoulders of the great body of good citizens who do not desire, or do not know how to adopt these manoeuvres.

Also in *Lord Howard De Walden vs C.I.R.*, (1942) 25 S.T.C. 121, Lord Green remarked:

For years a battle of manoeuvre has been waged between the legislature and those who are minded to throw the burden of taxation off their own shoulders on to those of their fellow subjects. In that battle the legislature has been worsted by the skill, determination and resourcefulness of its opponents of whom the present appellant has not been the least successful. It would not shock us in the least to find that the legislature has determined to put an end to the struggle by imposing the severest of penalties. It scarcely lies in the mouth of the taxpayer who plays with fire to complain of burnt fingers.

The foregoing dissenting judicial opinions (from the legality argument) appears to be the modern thinking on the issue of tax avoidance. The practice is regarded as a social evil that deprives the government of Nigeria of the much needed revenue for societal development and must be checked. Tax avoidance, a serious threat to the integrity of the tax system, has prompted the continuous search for effective deterrence measures to curb the practice. In the United Kingdom, for example, Gordon Brown in his first Budget speech in 1997 announced that his government is:

Committed to the proper funding of public services and will not tolerate the avoidance of taxation and will be relentless in its war against tax avoidance. I have ...instructed the Revenue to carry out a wide-ranging review of areas of tax avoidance with a view to further legislation in future Finance Bills. I have specifically asked them to consider a general anti-avoidance rule (Quoted in Juwe, 2009).

In Nigeria, tax avoidance (alongside tax evasion) are the greatest impediments to revenue generation through taxation. As seen earlier, previous empirical works show that Personal Income Tax, in particular, performs poorly, vis-à-vis, other taxes to government

revenue profile. A major cause of the poor performance had been traced to tax avoidance (and the problem of tax evasion) (Agbonika, 2012). Both legislative and effective administrative measures will be needed to be put in place to combat the challenges posed by tax avoidance in Nigeria's Personal Income Tax Law.

Conclusion and Recommendations

Personal Income Tax has a direct effect on the income of the taxpayers. The tax could act as a serious burden to the individual taxpayer as the tax depletes his expendable income. From time, taxpayers had always sought for ways and means (both lawful and illegal) of reducing or minimising the burden of tax. Although tax avoidance is generally regarded as a lawful means of minimising one's tax liability, the current thinking is that avoidance devices are social evils that must be legislated against and possibly expunged from tax legislations. This is because these schemes or devices erode government revenue by narrowing the tax base. Tax avoidance had been identified as one of Nigeria's greatest impediment to government revenue generation through personal income taxation.

The severity of this problem had been recognised in the Personal Income Tax Act by the provision in Section 17 of a general anti-avoidance measure. In spite of the robust nature of this provision along with the many stiffer penalties introduced in the 2011 Amendment Act, the practice continue unabated with its consequent negative effect on the tax yield from this revenue source. Legal loopholes exist in the Tax Act as a result of inadequately drafted tax legislation (Ayua, 1999). As a way of recommendation, a total review of the Personal Income Tax Act should therefore be undertaken by the National Assembly with a view to expunge from the statute the loopholes arising from inadequately drafted tax legislation. The various tax reliefs, allowances and exemptions such as the Consolidated Relief Allowance (CRA), National Housing Fund Contribution, National Health Insurance Scheme Contribution, Life Assurance Premium, National Pension Fund Contribution, Capital allowances, general charges such as professional subscription, interest on mortgage loans for owner-occupied residential house, relief for donation to Research Centres and all similar reliefs that are meant to lighten the individual's tax burden should be brought together into a single "Consolidated Personal Income Tax Allowance" similar to the CRA introduced in the 2011 Amendment Act. Such a legislation would prevent the tendency of taxpayers wanting to take advantage of all available reliefs, allowances or exemptions. These amendments, if made by the National Assembly, will go a long way to minimise and possibly eliminate the incidence of tax avoidance in the Personal Income Tax Legislation in Nigeria.

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