IMPACT OF CORPORATE GOVERNANCE AND FINANCIAL REPORTING STANDARD IN NIGERIAN BANKS

BY

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A RESEARCH PROJECT SUBMITED TO THE SCHOOL OF POSTGRADUATE STUDIES, NASARAWA STATE UNIVERSITY, KEFFI IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTERS IN BUSINESS ADMINISTRATION

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NIGERIA

DECLARATION

I hereby declare that this dissertation has been written by me and it is a report of my research work. It has not been presented in any previous application for any Masters in Business Administration. All quotations are indicated and sources of information specifically acknowledged by means of references.

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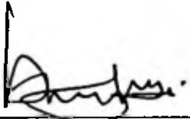
DATE

CERTIFICATION

This research project "**Impact Of Corporate Governance And Financial Reporting Standard In Nigerian Banks**" meets the regulations governing the award of Masters in Business Administration (MBA) of the School of Postgraduate Studies, Nasarawa State University, Keffi, and is approved for its contribution to knowledge.



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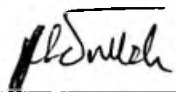

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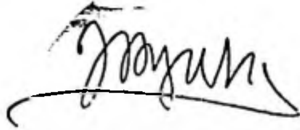

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DEDICATION

This research project is dedicated to Almighty God.

ACKNOWLEDGEMENTS

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ABSTRACT

The objective of this study was evaluate an ethical assessment of Corporate Governance and Financial Reporting in Nigerian Banks as well as strengthening accountability and reliable corporate performance reporting. The methodology adopted in this research is the primary and secondary method of gathering data. The population of the study were staff of the head office and three (3) branch offices of United Bank for Africa Plc in Abuja and the statistical techniques used in analyzing data is the chi-square technique. The study show that effective Corporate Governance significantly influences ethical Financial Reporting in Nigerian banks and that, there is a significant impact of ethical Financial Reporting on transparency and accountability of Nigerian banks. On the basis of the findings, the study concludes that ethical and effective corporate governance of integrity, objectivity and technical competence is fundamental in the production of quality financial reports. Therefore, to improve the financial reporting framework, the study recommends that employment processes of banks need to be improved for men and women with high level of ethical standing to be employed in the banking industry also Banks in Nigeria need to establish ethics and compliance department to guide and monitor ethics implementation in their day-to-day activities. The Central Bank of Nigeria (CBN) and/or other regulators should be the employer and payer of Bank external auditors in order to insulate these auditors from rent seeking appeasement of bank directors.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The concept of corporate governance has attracted a good deal of public interest in recent years, because of its apparent importance on the economic health of corporations and society in general. Basically, corporate governance in the banking sector requires judicious and prudent management of resources and the preservation of resources (assets) of the corporate firm; ensuring ethical and professional standards and the pursuit of corporate objectives, it seeks to ensure customer satisfaction, high employee morale and the maintenance of market discipline, which strengthens and stabilizes the bank

The banking industry in Nigeria has been undergoing serious reforms over the past three years arising from the central bank of Nigeria's requirement for banks to increase their capital base (share) to a minimum level of twenty five billion naira (N25B), (Ogbeche, 2006:1). This triggered off several merges and acquisitions that have reduced the number of players from eighty nine (89) to twenty five (25) banks as at the beginning of 2006 (Kama, 2006; 66). It is imperative to note that at the end of the consolidation exercise, the total capitalization (the value of all equities of the banks came to N775.0 billion compared to the figure of N327 billion before the commencement of this programme in July 2004. (Adedipe, 2004: 52). However, the successful banks accounted for about 93.5% and 97% of the total deposit liabilities and assets of the banking system respectively. (CBN Annual report, 2007: 26). Before the consolidation exercise, the banking industry had 82 active banks whose overall performance led to sagging of customer's confidence, as there was lingering distress in the industry. The supervisory structures were inadequate, as they were cases of official recklessness amongst managers, and the industry was notorious for financial abuses.

However, in November, 2005; the CBN blacklisted six officers of banks, including a chairman and a non-executive director, for unethical practices and professional misconduct. The same year, 110 cases of fraud and forgeries totaling N1.5 billion were reported by various Banks; and fifty six (56) of the cases amounted to N 1.38 billion, representing 91.8% of the total amount (N1.50B) {CBN annual report, 2006: 64). Poor corporate governance was identified as one of the major factors in virtually all the cases. Other forms of bad corporate governance were insider abuses, poor quality services and weak supervisory structures. The issue of corporate governance is important and indispensable for the realization of the basic corporate objective of profitability and liquidity.

Corporate governance is designed to promote a diversified strong and reliable banking sector which will ensure the safety of depositor's money as well as play active developmental roles in Nigeria's economy. Corporate governance is used to monitor whether outcomes are in accordance with plans and to motivate the organization tò be fully informed in order to maintain organizational activity. It is also seen as a mechanism by which individuals are motivated to reconcile their actual behaviours with the overall objectives of the organization. It ensures that the values of all stakeholders are protected and also minimizes asymmetric information between bank's managers, owners and customers.

Corporate governance has become a global issue over the last decade, leading to countries around the world amending their legal system and stock exchange listing requirements to conform to corporate governance principles as well as developing new codes of best practices.

Recently, there has been considerable interest in the corporate governance practices of modern corporations, particularly since the high profile collapse of a number of large U.S. firms such as Enron Corporation and WorldCom (Adedipe, 2004:56). The development has

forced national government and regional economic organizations to come up with various guidelines and codes to get businesses to behave decently. One of such institutions is the Organization for Economic Cooperation and Development (OECD), which has undertaken much work on corporate governance for a number of years. The OECD is an ideal forum for putting together an international framework on corporate governance. The organization accounts for more than 90% of the world stock market capitalization. It is internationally competitive and attracts foreign direct investments. The first international code of good corporate governance standard of the 1999 OECD Principles of Corporate Governance, focused on publicly quoted companies, while coming to assist government in improving the legal, institutional and regulatory framework that underpins corporate governance

Corporate governance arrangements and institutions vary from one country to another. There is no single framework that is appropriate for all countries. The Corporate governance code covers every aspect of the organizational set up, right from how resources are generated and how they are utilized. Therefore, there is need to understand the concepts, processes and problems of corporate governance both from the perspective of those who direct, those concerned with returns and accountability as well as those concern with corporate regulation, because there is a growing consensus that corporate governance has a positive relationship with national growth and development (http://onlinelibrary.wiley.com/doi/10.1111/1467-8683.00251/abstract_br).

In fact, the influence of internal and external factors of insider abuse, inflation, political instability and others, alongside the influence of corporate governance practices will be greatly explored in this study. In an attempt to restructure the entire Nigeria economy, the Obasanjo Administration in Nigeria (1999-2007) introduced a vast number of reforms, with the financial sector reforms being the anchor for other sectors reform and also being the focus of this study. The Central Bank of Nigeria introduced a new code of corporate governance for

Nigeria Banks in April 2006, which was a vast improvement on the former code of corporate governance (Financial standard September 3, 2007:37). However, a prognostic view shall be implored to examine the effect of corporate governance on the performance of Nigerian banks, with respect to the code, measurement, principles, performance of corporate governance, the theories as well as structure of corporate governance in Nigeria.

Corporate financial reporting is fundamental to all stakeholders - shareholders, management, government, creditors and society at large. It requires vital attention in practice considering the effect on institutional failures and abuse of power. The dynamic business environment, therefore, calls for improved recognition, measurement and transparent disclosure on firm's operation.

The financial reporting environment in Nigeria like many other countries in the world is a regulated one. Securities and Exchange Commission makes it mandatory for public companies to publish and make available to the public their audited financial statements annually. Furthermore, this statement must conform to the guidelines, formats, and regulations issued by the apex accounting institution in the country; Nigeria Accounting Standards Board (NASB). In addition to that, the statements must also conform and comply with releases and guidelines issued by other special regulatory and supervisory agencies namely; Nigerian Deposit Insurance Corporation (NDIC), National Insurance Commission (NAICOM), and Central Bank of Nigeria(CBN) for those organizations operating in the financial sector of the economy.

In a developing economy like Nigeria, banks play very important and sensitive roles hence their performance directly affects the growth, efficiency and stability of the economy. As the major holder of the nation's financial assets, the banking sector present the largest potential risk for financial and reputational losses in the event of a corporate governance failure.

Failures of corporate governance can cause enormous financial losses, not only to individual banks and their shareholders but also to the society as a whole. Therefore, corporate governance is of special importance and considered the key for banking institutions to successfully achieve its strategy and ensure a stable development of the economy.

Umoh (2002) asserted that, the importance of banks to national economies is underscored by the fact that banking is almost universally a regulated industry and that banks have access to government safety nets. Also, the business of banking has a number of intrinsic risks that could jeopardize the entire financial system of an economy. Some of the intrinsic risks include operating with high leverage which can make banks vulnerable to losses; dependence on the confidence of depositors and the financial markets for securing necessary funds; general opaqueness of the business of banking; et cetera. It is therefore of crucial importance that banks have strong corporate governance.

This research therefore aims to evaluate an ethical assessment of Corporate Governance and Financial Reporting in Nigerian Banks and how it impacts on organizational performance in the Industry, strengthening accountability and reliable corporate reporting and to identify some challenges of improving corporate governance in the Nigerian banking system.

1.2 Statement of the Problem

The rate of business failure is sporadic as evidenced by Enron, Worldcom, Sunbeam, Cadbury Nigeria Plc and other high-profile scandals. The causes of such failure, according to Krehmeyer (2006), are excessive short-term strategies which undermine market credibility and discourage long term value creation and investment. The consequences of institutional failure on economic growth and sustainable development are unbearable to a developing country like Nigeria. This affect the level of confidence the public has in various corporate establishments. The consequences of ineffective corporate governance will not only affect the

shareholders but also, the employees, suppliers, consumers and the nation as a whole. Thus, a governance system that will promote ethical value, professionalism and sound management practice is desirable.

Also, the financial scandals around the world and the recent collapse of major corporate institutions in the USA and Europe have brought to the fore, once again, the need for the practice of good corporate governance, which is a system by which corporations are governed and controlled with a view to increasing shareholder value and meeting the expectations of the other stakeholders.

In Nigeria and other places, some corporate institutions are distressed and show signs of failure, yet they have good profits declared on paper year after year. At the centre of the crisis in the Nigerian economy, is the issue of auditors who allegedly connive with some of the management to doctor financial reports of the companies with a view to hoodwink the shareholders and potential investors. For example, Akintola Williams and Deloitte (AWD) was indicted for facilitating the falsification of the accounts of Afribank Plc and for deliberately overstating the profits of Cadbury Nigeria Plc. Professional auditors are seen to have failed if they compromise compliance with expected standards. If a company fails shortly after being audited, the auditors are blamed for conducting an inferior audit.

With the ongoing heat on the credibility of independent auditors, the problem of retention of public confidence through complying with the code of corporate governance remains of utmost importance given the importance of financial reporting to shareholders, investors and other stakeholders. Hence, the central issues of the problem are:-

i. Poor financial disclosure in the financial statements.
ii. Frauds, gratification and embezzlement by those entrusted with the leadership of these corporate institutions.

iii. Loss of public confidence in corporate performance reporting

1.3 Research Questions

. This research would aim at providing answers to this specific research questions;

i. To what extent does effective corporate governance influences ethical financial reporting in Nigerian banks?

ii. How can ensuring ethical Financial Reporting Standards promote transparency and accountability in Nigerian banks?

1.4 Objectives of the Study

This broad objective of the study is to examine the effect of corporate governance and financial reporting standard in Nigerian banks: Specific objectives are:

i. To determine to what extent effective corporate governance influences ethical financial reporting in Nigerian Banks.

ii. To determine how ethical financial reporting affects transparency and accountability in Nigerian Banks

1.5 Statement of Hypotheses

Hypothesis One

H_0: Effective Corporate Governance has no significant influence on ethical Financial Reporting in Nigerian banks

Hypothesis Two

H_0: Ethical Financial Reporting has no significant impact on transparency and accountability of Nigerian banks

1.6 Significance of the Study

The findings and recommendations of this study will be of great contribution to academic works and to the body of knowledge on Corporate Governance in Nigeria, its effect on

ethical financial reporting, accountability and transparency, as it will also aid other researchers to carry out more studious research on areas not covered by this study.

It is the hope of the researcher that a lot of people will benefit from the findings of this study, like the Board of Directors, management, shareholders, investors, the government and students.

The Board of Directors: This study would serve as a guide to the Board by making them understand that they should exercise leadership, enterprise, integrity and judgment in directing the corporation so as to achieve continuing prosperity and to act in the best interest of the business enterprise in a manner based on transparency, accountability and responsibility.

The Management: This study would reveal to the management of various organizations the new approach of managing an organization. That the responsibility of the day-to-day running of the organization lies with the (CEO) Chief Executive Officer who in turn is accountable to the Board. That ensuring ethical financial reporting aids good corporate governance; ensures responsibility and accountability and that the policy implementation should be transparent and business ethics strictly adhered to.

The Shareholders: This study would also reveal to the shareholders that they have the right to equal access to information whether they are institutional or non-institutional and that they have the right to shareholders activism.

Investors: This study will help the potential investors to easily understand the financial statements as reported, devoid of the complexities of country standards of financial reporting

and also know all those good corporate governance principles that a corporation must imbibe in order to enhance and ensure public confidence in their operations and the reports that emanate from their activities.

The Government: This study will help the government to be alive to its responsibility of shaping an effective regulatory framework that provides for sufficient flexibility to allow markets to function effectively and to respond to expectations of shareholders and other stakeholders. The research will also help the government put in place measures to improve accountability and transparency through the adoption of the IFRS in the public sector and ensuring that the private sector follows suit.

Further Research: Finally, the study will produce a document that could be useful to other scholars intending to undertake research on the roles of corporate governance and financial reporting standards in Nigeria Banks.

1.7 Scope of the Study

For the purpose of this study, the scope covers an assessment of Corporate Governance and Financial Reporting in Nigerian Banks, with specific concentration on the United Bank for Africa Plc (UBA) as the case study. The research basically covers the analysis of the subject by scholars and professionals, review of some of the benefits of the Corporate Governance and Financial Reporting, effects of corporate governance adherence failure on the activities of the banking industry. The scope of the study also covers the use of secondary data in the review of literature and primary data in the test of data analysis and postulated hypotheses.

CHAPTER TWO

LITERATURE REVIEW

2.1 Conceptual Framework

2.1.1 Concepts of Corporate Governance

Corporate governance originated from the potential problems associated with the separation of ownership from control that is inherent in the contemporary corporate form of banks. These problems have come to be known as 'agency problems". This dates back, at least as far back as 1776 when Adam Smith writing about professional managers in his Wealth of Nations stated that: 'The Directors of Joint Stock Companies (Banks)...however being the managers rather of other people's money (and not their own)... It cannot be well expected that they should watch over it with the same anxious vigilance (as owners).... Negligence and profusion therefore, must always prevail more or less, in the management of the affairs of such a company" (P.700).

Following the realization of the potential for negligence and profusion by managers, several authors have come to define corporate governance from different viewpoints. For example, Sanda et al. (2005) defined corporate governance as ways in which all parties (stakeholders) interested in the well-being of the firm attempt to ensure that managers and other insiders take measures that safeguard the interest of the stakeholders. Zingalas (1998), views corporate governance systems as the complex set of constrains that shape the ex-post bargaining over the quasi-rents generated by the firm.

The Code of Corporate Governance issued by Central Bank of Nigeria (CBN) defines the subject as "a system by which corporations are governed and controlled with a view to increasing shareholder value and meeting the expectations of the other stakeholders." Also, corporate governance is the system by which business corporations are directed and

controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as the board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. By doing so, it also provides the structure through which the company objectives are set and the means of attaining those objectives and monitoring performance (OECD, 1999).

Wolfensohn (1999) opined that corporate governance is about promoting corporate fairness, transparency and accountability. He is also of the view that corporate governance is the system to relations between the shareholders, Board of Directors and management of a company, as defined by the corporate charter, byelaw or formal policy and rule of law. Accordingly, Shelton (1999:7), suggested that corporate governance can be viewed from a narrow sense and a broader sense. In a sense, he noted that corporate governance involves a set of relationships between a company's management, it board of directors shareholders and other stakeholders. These relationships, which involve various rules and incentives, provide the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined. However, in broad sense, he remarked that corporate governance refers to the extent of which companies are run in an open and honest manner. This underlies its importance for overall market confidence, the efficiency of international capital allocation the renewal of countries industrial bases and ultimately nations overall wealth and welfare.

Opinions really differ on what the content and boundaries of corporate governance should be for some the essence is the exercise of power by shareholders, for others, it is the formal structures of board and corporate effectiveness; yet others believe that the focus should be the social responsibilities to the wider society. The divergence of these opinions evidently

derives from the emerging theories of corporate governance Tricker, (1996:34) which include:

(a) Stewardship theory with the requirement that directors show a fiducial duty towards the owner of the company. Implied by this theory is that the power of directors over the company is derived from their appointment by shareholder at the Annual General Meetings (AGMS) and thus, they are accountable for their stewardship over the company's resources subject to the report from an independent auditor to members that their financial statements and accounts show a true and fair views.

(b) Organizational theory which traditionally recognizes the peak of organizational structure as the chief executive officers and that the board of directors is a mere imposition on such structure.

(c) Stakeholders hypothesis which gathered momentum in the 1970's reflecting a societal fear that the large multi-national corporations (MNCS) had become too imperialistic and powerful to be held accountable solely through the classical stewardship hypothesis. Environmentalists and consumerists particularly find a perfect ally and advocate in the stakeholder theory as evidence abound in and around our geography where powerful and large (MNCS) degraded environments, forcefully overthrown governments (by funding insurgencies), defeat governments (through electoral Buy-outs) or even corrupting governments through "rents" and our method of "lubricating the informal sector."

(d) Agency theory which derived from the work of the American economist, Rovald Coarse, observing a different and unique perspective of the nature of man as seeking a self-interest rather than an altruistic goal and as such cannot always be trusted in the best interests of others. Rather, he seeks to maximize his own utility, which runs paradoxical to others. Agency hypothesis is a graphical nay, controversial

representation of the contractual relationship between the directors (the agents) and the shareholders (the owners).

(e) The theory of the firm in a classical sense recognizes four factor of production. the most important being the entrepreneur or management in modern usage. It is in the hands of the entrepreneur that the corporate governance, as we know today. is vested and he is rewarded for his management acumen and innovation.

In the view of (Mayes, et al, 2001) there is no single or simple definition of corporate governance and certainly no definition that all countries agree on. Corporate governance is defined and practiced differently throughout the world, depending upon the relative power of owners, managers, and providers of capital (Craig, 2005). Basically, different national systems of corporate governance reflect major differences in ownership structure of firms in different countries, and particularly differences in ownership concentration (Shleifer and Vishny, 1997). Hence, "Corporate governance is the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as. the board. managers, shareholders, and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the company objectives are set and the means of attaining those objectives and monitoring performance" Cadbury (1992).

In spite of all these hypotheses. the researcher's belief is that corporate governance in the private sector should be concerned with structure and processes of the board and its community of relationships with shareholders. regulators. auditors. top management and other legitimate stakeholders and this is known as corporate governance mechanism.

2.1.2 Concept of Corporate Financial Reporting

There is a growing demand for credible financial information to meet the needs of stakeholders who have operational interest in financial reporting. Information emanating from financial reporting is regarded as credible and useful when it faithfully represents the "economic substance" of an organization in terms of relevance, reliability and comparability (Spiceland, Sepe & Tomassini (2001).

According to Nzotta (2008), financial reporting forms the basis for economic decision making. The various shareholders need financial reports for decision making on the investment and financial aspect of the organization. The financial reports produced by the accountant should be based on certain fundamental qualities for various users to understand the content of the report. As Alexander and Britton (2000) noted that the fundamental objective of financial reports is to communicate economic measurements of and information about resources and performance of the reporting entity useful to those having reasonable rights to such information. IASB (2008) noted that providing high quality financial reporting information is important because it will positively influence capital providers and other stakeholders in making investment, credit, and similar resource allocation decisions enhancing overall market efficiency.

An organization's accounting records are the principal source of information for the preparation of the annual financial statements and for the efficient conduct of its affairs (Summer, 1968). It is therefore essential that they are accurate and appropriate for their purposes. The accounting and information systems must provide a basis for the generation of the management information necessary for the effective and efficient day-to-day operation of

the organization, and this should be consistent and compatible with the information in the financial statements. The records and the reports that are derived from them are fundamental to the exercise of members' responsibilities to the organization and its stakeholders.

Financial reporting can be defined in terms of those for whom the reports are intended. At one end of the spectrum are the annual financial statements of an organization, which are the prime means of demonstrating its responsibility to its stakeholders; while at the other end are the internal reports, aimed at providing information for decision-making by managers (Soper & Dolphin, 1964). The integrity of an organization's accounting records demands that all reports are compiled using consistent principles and data.

Adejola (2006) defined Financial statements (or financial reports) as formal records of a business' financial activities which provide information about the financial position, performance and changes in financial position of an enterprise that is useful to a wide range of users in making economic decisions. Financial statements provide an overview of a business' financial condition in both short and long term.

Purpose of Financial Statements

The objective of financial statements is to provide information about the financial position, performance and changes in financial position of an enterprise that is useful to a wide range of users in making economic decisions." Financial statements should be understandable, relevant, reliable and comparable. Reported assets, liabilities and equity are directly related to an organization's financial position. Reported income and expenses are directly related to an organization's financial performance.

Financial statements are intended to be understandable by readers who have "a reasonable knowledge of business and economic activities and accounting and who are willing to study the information diligently

Owners and managers require financial statements to make important business decisions that affect its continued operations. Financial analyses are then performed on these statements to provide management with a more detailed understanding of the figures. These statements are also used as part of management's annual report to the stockholders.

Employees also need these reports in making collective bargaining agreements (CBA) with the management, in the case of labor unions or for individuals in discussing their compensation, promotion and rankings

External Users: are potential investors, banks, government agencies and other parties who are outside the business but need financial information about the business for a diverse number of reasons;

i. Prospective investors make use of financial statements to assess the viability of investing in a business. Financial analyses are often used by investors and is prepared by professionals (financial analysts), thus providing them with the basis in making investment decisions
ii. Financial institutions (banks and other lending companies) use them to decide whether to grant a company with fresh working capital or extend debt securities (such as a long-term bank loan or debentures) to finance expansion and other significant expenditures
iii. Government entities (tax authorities) need financial statements to ascertain the propriety and accuracy of taxes and other duties declared and paid by a company
iv. Media and the general public are also interested in financial statements for a variety of reasons

Government Financial Statements: The rules for the recording, measurement and presentation of government financial statements may be different from those required for business and even for non-profit organizations. They may use either of two accounting methods: accrual accounting, or cash accounting, or a combination of the two. A complete set of chart of accounts is also used that is substantially different from the chart of a profit-oriented business

Audit and Legal Implications: Although the legal statutes may differ from country to country, an audit of financial statements are usually, but not exclusively required for investment, financing, and tax purposes. These are usually performed by independent accountants or auditing firms. Results of the audit are summarized in an audit report that either provide an unqualified opinion on the financial statements or qualifications as to its fairness and accuracy. The audit opinion on the financial statements is usually included in the annual report.

Inclusion in Annual Reports: To entice new investors, most public companies assemble their financial statements on fine paper with pleasing graphics and photos in an annual report to shareholders, attempting to capture the excitement and culture of the organization in a "marketing brochure" of sorts. Usually the company's chief executive will write a letter to shareholders, describing management's performance and the company's financial highlight

2.2 Concept of Financial Reporting

Financial reporting involves recording financial information according to relevant accounting standards. According to (Vargiya, 2015), Financial Reporting includes the exposure of related financial information to the different Stakeholders about an organisation over a

predefined timeframe. These Stakeholdersinclude – investors, lenders, suppliers, and government organisations. Financial Reporting is considered as the final result of Accounting. It comprises of various important statement which include - financial related explanations fromStatement of financial position, Statement of comprehensive income, Statement of cash flow, Statement of changes in equity, notes to financial related explanations, Quarterly and Annual reports (if there should be an occurrence of quoted organizations),Prospectus (if there should be an occurrence of organizations going for Initial Public Offers) and Management Discussion and Analysis (if there should be an occurrence of open organizations).

Concept of Reliability of Financial Reporting.

The expression "reliable quality" in connection to financial communication is a vital subjective property of accounting information. This term is imperative and may impact whether the information is helpful to the individuals who read financial related explanation or something else. The reliable quality of inspected corporate yearly financial report is thought to be vital and a fundamental element influencing the convenience of information made accessible to different users. The accounting researches have perceived that the dependability of reports is a critical normal for financial accounting information and for administrative and expert offices. Reliable quality idea is a nature of information that guarantees the management that the information contained in the financial related records catches the genuine conditions and occasions of the communication substance. The FASB was the main standard setter to characterize the term dependability. As far as the FASB Concepts Statement No. 2 (FASB, 1980) the dependability of a measure lays on the loyalty with which it speaks to what it implies to present (portrayal dedication), combined with an affirmation for the client, which comes through confirmation, that it has that representational quality (undeniable nature). In Contrast, the IASB Framework expresses that information has the nature of dependability when it is free from material blunder and inclination and can be relied

on by customers to speak to reliably which it either indicates to speak to or could sensibly be required to speak to. In the IASB Framework five qualities are included under the idea of dependability: loyal portrayal, substance over form, nonpartisanship.

Concept of Ethics

Ethics are the moral principles that an individual uses in governing his or her behaviour. It is the personal criteria by which an individual distinguishes "right or wrong" (Ogbonna and Appah, 2011). According to Ogbonna (2010), when we talk about ethics and ethical values, we mean our concern about things, which we think, say and/or practice that may not necessarily violate the rules of the organization or infringe the law of the land or amount to outright crime or felony, but which borders on our sense of morality, our sense of right and wrong. They concern issues like conflict of interest, insider's dealings, compromising integrity, objectivity, independence, confidentiality, disclosure of official secret and destruction of official documents for financial benefits and other similar acts that are against moral principles and ethical standards.

Nwagboso (2008) argues that ethics or morality as matters of good and evil, right and wrong and subscribes to the fact that "we are living today in an ethical wilderness". Nwagboso believes that ethics is in ferment and chaos among all people. Hayes *et al.* (1999) say ethics represent a set of moral principles, rules of conduct or values. Ethics apply when an individual has to make a decision from various alternative regarding moral principles.

Ethical behaviour is necessary for society to function in an orderly manner. The need for ethics in society is sufficiently important that integrity, loyalty, and pursuit of excellence cannot be incorporated into law. They further stated that the following ethical principles incorporate the characteristics most people associate with ethical behaviour: honesty,

integrity, promise keeping, loyalty, fairness, caring for others, respect for others, pursuit of excellence and accountability.

Ajibolade (2008) states that the field of ethics can be divided into meta ethics, ethical theories and applied ethics. Meta ethics is the reflection upon ethics concepts and theories. Ethical theories is the substantive proposals regarding those considerations that would determine morally acceptable conduct and applied ethics is the deliberation related to a specific field of enquiry. Examples include ethics in business, public service and general professional ethics. Mathews and Perera (1996) states that a formal code of ethics ensures that professional members will be more aware of the moral aspects of their work; an accessible reference tool for managers to keep ethical concerns in mind; abstract ideas will be translated into concrete terms applicable to every situation; members as a whole will act in a more standardized fashion throughout the profession.

According to Jenfa (2000) and Nwagboso (2008), professional ethics provides accountants with these advantages: it helps the accountant to determine the prosperity of his conduct in his professional relationship; it indicates the kind of professional posture the accountant must maintain if he is to succeed; it gives clients and potential clients a basis for feeling confident that the professional sincerely desires to serve them well and places service above financial reward; it gives clients assurance that standards of competence, independence and integrity shall remain the goal of the accountant; it enables member bodies and regulatory authorities to fulfill their responsibility of ensuring that the professional accountants have the capabilities and competence expected of them by employees, clients and the public and public interest is protected and the credibility of the profession is enhanced.

Relationship between corporate governance and bank's performance

The factors underpinning corporate governance mainly include shareholding structure, board composition, and senior management. The relationship between these factors and firm performance is the focal point for many scholarly studies (http://aut.researchgateway.ac.nz/bitstream/handle/10292/739/YungMF.pdf?sequence=4_br). Moreover, it can be argued that firm performance can be improved with better corporate governance controls in a company. Famma and Jenson (1983:39) argued that corporate governance does affect firm performance. It was discovered that the majority of larger firms with stronger governance controls are rewarded over the long- term.

Klein, Shapiro, and Young (2004:32) examined the relationship between corporate governance and firm value by using the corporate governance index (CGI) and Tobin's Q, which measures the firm's value. The results concluded that corporate governance does matter in a firm value. In addition Carse (2000:25) argued that a strong corporate governance standard is particularly important for banks. This is because most of funds that the banks use for business belong to creditors and depositors. The failure of a bank will affect not only its own shareholdings, but have a systematic affect on other banks. Therefore, it is important to ensure that banks are operating properly.

On the other hand, a large number of studies have investigated the relationship between ownership structure, and firm performance. Morck, Sheifer, and Vishny (1998:45) argued that higher ownership concentration has a positive impact on firm performance, because it increases the ability of shareholders to properly monitor managers. Notbrook (2009:65) on corporate governance mechanisms and firm performance revealed that separation of the posts of chief executive officer (CEOs) is vital for strong and viable corporate governance sustainability. The result added that a board size of ten is more concentrated as opposed to diffused equity ownership.

The relationship between corporate governance and foreign investment can be discussed through the direct effects of governance on the firm's investment level, and the firm's

behaviour towards investment opportunities. Empirical studies according to (Notbrook. 2009:45) shows that well governed firms invest more than badly governed ones .Within a broad sample of United States manufacturing firms, the study finds that increased governance quality leads to higher levels of investment and greater responsiveness of investment to growth opportunities. Higher quality governance mitigates the under investment problem that arises from incentive problems between managers and shareholders.

2.2. Empirical Framework

Sayla Siddiqui (2014) investigated the effect of corporate governance characteristics on firm performance based on 25 previous researches. The study consists of three particular concerns namely the effects of (1) legal organisms, (2) governance structures and (3) accounting or market performance measures. Findings indicate that the value of the market of business performance measured by Tobin's Q in the marketplace and finally the study found that market to book ratio is the fundamental value of this relation.

Pooja Gupta and Aarti Mehta Sharma (2014) examined a study to determine the impact of corporate governance variables on firm performance in Indian and South Korean companies. Results illustrate that corporate governance has limited effect on both the company's share prices as well as on their financial performance.

Another study was conducted by S.Danoshana and T.Ravivathani (2014) to explore the effect of corporate governance on business performance of 25 listed financial institutions in Sri Lanka for during the period 2008-2012. Return on equity and Return on assets were used in the study as they are the key variables to define business performance. Analysis findings show that corporate governance variables are significantly effect on business's performance and board of directors size and audit committee size have effect positively the business's

performance. Nevertheless, meeting frequency is negatively associated with business's performance.

Dale Griffin, Omrane Guedhami, Chuck C.Y. Kwok, Kai Li and Liang Shao (2014) carried out a research to examine the relation among National Culture, Corporate Governance Practices, and firm performance. By using a -new database from Governance Metrics International measures of corporate governance practices across large number of countries for the sample period of 2006-2011, they found that according to the stock market-based, financial system of a country is has a negative impact with transparent disclosure and minority shareholder protection.

Onakoya, Adegbemi Babatunde O, Fasanya, Ismail O, Ofoegbu and Donald Ikenna (2014) conducted a study to explore the effect of corporate governance characteristics on bank performance in Nigeria. The final sample consists of 9 banks for the sample period of 20062010. It is found that both of board size and ownership structure are positively impacted on return on equity. Nevertheless, the study found that corporate governance practices is negatively associated with companies' assets. In addition, Results show that there is no effect of board structure since it considers as a profitability measures predictor.

Jackie Krafft, YipingQu, Francesco Quatraro, and Jacques-Laurent Ravix (2013) investigated the relationship of corporate governance among value and firm's performance. The analysis concentrates on mergers, investigates the system of how non US corporations are adopting the US best practice with its propositions. Based on the empirical analysis of the study, it is found that many that corporations are significantly adopting US corporations' best practice associated to corporate governance.

Guo and Kumara (2012) carried out a research to test the effect of corporate governance measures on firm performance in Sri Lanka. The study sample consists of listed firms from

Colombo stock exchange. Findings found that size of board of directors is negatively associated with the value of the firm and effect of proportion of outside directors on operating performance of a firm.

Fatimoh Mohammed (2012) conducted a study to explore the impact of corporate governance mechanisms on bank performance on 9 Nigerian banks with a sample period of ten years (20012010). The analysis found that corporate governance is significantly associated with banks performance. Moreover, it indicates the definition of poor asset quality and loan deposit ratios were found to have a negative impact on business performance.

Sami et al. (2011) conducted a study to demonstrate the link between among operating performance and corporate governance of Chinese listed companies. Findings show that firm performance is positively associated with different measures of governance.

Masood Fooladi (2011) investigated the effect of corporate governance on performance measures on a sample of 30 Malaysian firms with a sample collected from 2007 fiscal year annual reports of those firms. Findings indicate that CEO duality is negatively associated with performance measures namely ROE and ROA. This appears because CEO duality is found to reduce the board of directors' efficiency. Besides, the relationship among the independent of board of directors, size of the board of directors and ownership structure and firm performance is found to be insignificant.

Ehikioya (2009) found to have insignificant influence between CEO duality and firm performance, whereas positive association among ownership structure and performance. Regarding the link between board composition and firm performance, the study was unsuccessful to present evidence related to this relationship. However, the researcher recommended that whenever the board consists of more than one of family members, performance will be affected negatively.

Lam & Lee (2008) recommended that both of the agency and stewardship theories were the only corporate governance theories to give clear explanation about duality and performance. The empirical analysis of the study found significant impact of duality on firm performance for non-family companies and vice versa.

The term corporate governance has been identified to mean different things to different people. Magdi and Nadereh (2002) stress that corporate governance is about ensuring that the business is run well and investors receive a fair return. Prior studies by OCED (1999) provide a more encompassing definition of corporate governance. It defines corporate governance as the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different stakeholders in the corporation such as: the board, managers, shareholders, customers, employees, among others, and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the companies' objectives are set and the means of attaining these objectives and monitoring performance (see: Wolfensohn ,1999; Uche ,2004; and Akinsulire, 2006).

Unlike the above scholars, Nganga, Jain and Artivor (2003) strengthen corporate governance beyond the distribution of rights and responsibilities of different stakeholders with vested interest in corporate organisations to consider the importance of protection of stakeholders, particularly in relation to how well corporate organisations are managed. The scholars define corporate governance as the set of mechanisms through which outside investors are protected from expropriation by insiders (including management, family interests and /or governments (ibid).

In placing corporate governance on a pedestal which reveals the relationship between providers of finance and corporate organisations, Shleifer and Vishny (1997) are of the

opinion that corporate governance deals with the ways suppliers of finance to corporations assure themselves of getting a return on their investments. Corporate organisations need to ensure that managers do not misappropriate the capital or invest in bad projects.

Consequently, corporate governance is seen as "essentially about the prevention of theft", which can take place craftily executed by either the management or board or both of them (ICAN, 2009).

Okene (2010) citing Farar (2005) maintain that corporate governance was used as a term forty years ago. The root of the term "governance" was from the Latin words "gubarnare" and "gubernator" which refer to "steering a ship" and to the "steerer or captain of the ship" respectively. Mensah (2003) states that corporate governance is an institutional arrangement which provide the discipline and checks over excesses of controlling managers.

Much of the contemporary interest in corporate governance is concerned with mitigation of the conflicts of interest between stakeholders. Ways of mitigating or preventing these conflicts of interests include the processes, customs, policies, laws, and institutions which have impact on the way a company is controlled.

Effective corporate governance reduces "control rights" shareholders and creditors confer on managers, increasing the probability that managers invest in positive net present value projects (Shleifer and Vishny, 1997). Thus, the relationships of the board and management, according to Al-Faki (2006), should be characterised by transparency to shareholders, and fairness to other stakeholders. This will in effect mitigate the agency costs as predicted by Jensen and Meckling (1976).

Empirical studies on board size seem to provide the same conclusion: a fairly clear negative relationship appears to exist between board size and firm value. Too big a

board is likely to be less effective in substantive discussion of major issues among directors in their supervision of management.

Lipton and Lorsch (1992) argue that large boards are less effective and are easier for the CEO to control. When a board gets too big, it becomes difficult to coordinate and for it to process and tackle strategic problems of the organisation.

Yermack (1996), using data from Finland and Liang and Li (1999), with Chinese data, also find negative correlation between board size and profitability. Eisenberg, Sundgren and Wells (1998) and Mak and Kusnadi (2005) also report that small size boards are positively related to high firm performance. Mak and Yuanto (2003) using sample of firms in Malaysia and Singapore, find that firm valuation is highest when board has 5 directors, a number considered relatively small in those markets. In a Nigerian study, Sanda et al (2003) report that firm performance is positively correlated with small, as opposed to large boards.

Azzoz et al. (2016) investigated corporate governance characteristics on earnings quality and earnings management of Jordan ASE financial listed companies from 2007 to 2010. The governance variables used include board size, CEO duality, board composition, audit size, audit composition and audit committee activity using modified Jones model and multiple regression. They found relation between audit committee size and audit committee activity with earnings quality and earnings management. They recommended the reduction of board of directors members, adjustment in the external directors and non-executive board of directors proportion and audit committee of financial Jordanian firms.

Fodio et al. (2013) examined corporate governance and reported earnings quality in Nigerian listed insurance companies from the period of 2007-2010 using 25 companies and using multiple regression; findings revealed a negative and significant association between board

size, board independence and audit committee independence with earnings management while a positive relationship with audit committee independence and independent external audit with discretionary accruals. They recommended the stringency and sustenance in the regulations of board size and independence of the regulations of NAICOM code of corporate governance.

Similarly, Nkanbia-Davies et al., (2016) examined corporate governance and earnings quality of listed banks in Rivers State from the period 2010-2014 using regression analysis and Pearson product moment correlation and findings suggested that corporate governance has a positive relationship with earnings quality. They concluded that corporate governance is essential to earnings quality and improvement of the performance of banks.

Also, Bourkhis and Najar (2017) investigated ownership and regulation on bank earnings in Middle East and North Africa with a sample of 158 banks comprising 44 Islamic banks and 114 conventional banks from 2000 to 2013. The proxies for earnings quality include earnings persistence, cash flow predictability, income smoothing through loan provision and small positive net income and findings suggested that all the measures of earnings quality are high for listed and widely held banks while that of the state-owned banks is of less quality. However, the Islamic banks earnings were significantly higher than the conventional banks. This study revealed that earnings quality is improved, thereby reducing earnings management in firms by using tighter supervision even when there is large shareholding. However, Yodbutr (2017) investigated corporate governance and earnings quality of Thailand financial firms from the period of 2011 to 2015 using the multiple regression analysis and findings revealed non-association between corporate governance and earnings quality, but the control variable of firm size had positive association with earnings quality. The size of firms determines the earnings quality of such firms.

Bala et al.,(2015) examined audit committee characteristics and earnings quality of listed food and beverages firms in Nigeria from 2007 to 2014. Data was got from firm"s annual reports using OLS in multiple regression. Result showed that audit committee has significant association with earnings quality of the firms, thereby having a very important link. However, there is an inverse relationship between audit committee size, financial expertise and earnings management but a positive significance relation between audit committee independence, frequency of meetings and earnings management. Regulatory bodies such as SEC are recommended to increase the number of audit committee members with financial expertise and also have a fixed number of audit committee meetings which should not be greater than four annual meetings.

Ahmed AlDhamari et al.,(2013) investigated governance structure, ownership structure and earnings predictability using 330 non-financial firms in Malaysia from 2008 to 2009 and employed regression; they found small board size, independent chairperson and high shareholding by institutions to have a high predictive ability of earnings. Board independence has a significant and negative effect on earnings predictability. Also, Younis et al.,(2016) investigated corporate governance and earnings quality of manufacturing listed firms on Karachi Stock Exchange using audit quality, CEO duality and board size. Findings suggested that audit quality and board size have a significant negative relationship with earnings management while firm size has a significant positive relationship with earnings management. Quality of earnings can be generated by reduction of earnings management through audit quality and board size.

Kamarudin et al., (2012) examined the influence of CEO duality and audit committee independence on earnings quality using 3,017 non-financial firms in Malaysia from the

period of 2005 to 2010 and findings revealed a positive association between earnings quality and audit committee independence. Also, Kiryanto (2014) investigated characteristics of audit committee on earnings quality in Indonesia from 2004 to 2006 of manufacturing listed firms. The proxies for corporate governance were audit committee size, independence, expertise and activity. Audit committee size and independence has a positive and significant association with earning. No positive effect between audit committee expertise, activity and earning.Also, Amin, Lukviarman, Suhardjanto and Setiany (2018) investigated board characteristics on earnings with audit quality as moderating variable on concentration ownership of companies from the period of 2011 to 2014 of manufacturing companies in Indonesia. The research employed moderating regression analysis. They found a positive effect between audit committee independence, audit committee expertise and audit committee size with earnings quality while audit committee meetings had a negative effect on earnings quality.

Chaharsoughi et al., (2013) investigated corporate governance and earnings quality using independent board of directors, board size and managerial ownership with a sample of 114 companies on Tehran Stock Exchange for the period of 2008-2010 using multiple regression. Findings revealed that independent board of directors and managerial ownership had an insignificant positive relationship with earnings quality while board size had an insignificant negative relationship with earnings quality. Eliwa, Haslam and Abraham (2016) investigated the relationship between the cost of equity capital and earnings quality in UK from 2005 to 2011. The accounting-based earnings quality has negative association with the cost of equity. However, Shiri et al.

(2012) investigated corporate governance and earnings quality of listed companies in the Tehran Stock Exchange using regression analysis from 2004 to 2009. The corporate governance proxies include board composition of non-bound directors, absent from CEO as

chairman or vice chairman and institutional investors while earnings quality proxies include accrual quality, persistence and predictability. Findings revealed that the ratio of non-bound members is significant and positively related with persistence and earnings predictability and the significant positive relationship between chairman or vice chairman with earnings persistence. Institutional investors have a significant relation with accrual quality and earnings persistence.

Ball et al. (2005) study focused on UK private and listed firms and sample suggested the lower quality of private company financial reporting which is as a result of different market demands. Their findings revealed that earnings of private company is prepared following same regulations on average and has a lower quality.

2.3 Theoretical Framework

2.3.1 Stewardship Theory

According to many scholars the popular agency theory is known to have evolved from Economics while the Stewardship theory can also be said to have developed from psychology and sociology. The Stewardship theory can also be said to be a product of the seminar work done by Donaldson and Davis (1989), this seminar work emphasized that the senior executive should act as steward of the organisation and that everything is done in the best interest of the principal. This explanation of stewardship theory put forward by Donaldson and Davis (1989) established that most managers tend to act in the best interest of their firm, by emphasising the collective goal of the organisation instead of their self-serving option. Their finding further suggests that most stewards are motivated only by making the right decision which is usually in the best interest of the organisation, because of the strong assumption that stewards will also benefit from the right decision taken in the long run.

Similarly, Davis, Schoorman and Donaldson (1997) define stewardship theory as the process where stewards protect and maximize shareholders wealth through improved firm's

performance, because by doing so, the stewards recognised, that his utility function is maximized. This stewardship theory refers more to the manager and chief executive as the main individual responsible for the stewardship function in the organisation. In another, definition, Block (1996) reported that the stewardship role is depicted with service to the firm over selfinterest; he further established that organisation and individual role can be easily achieved by honoring the stewardship relationship and treating followers like owners and partners.

2.3.2 Stakeholder's Theory

According to Fredman (2004) stakeholder theory emphasizes that some individual or group are very important for the survival of the organization. This explanation is seen as organisation oriented explanation, but in an earlier research freeman reported that stakeholder theory refers to any group or individual who can affect or who is likely to be affected by the achievement of the organisation objective. Friedman and Miles (2009) supported these explanation of Freeman (1984) because according to him, his definition of the stakeholders theory was more balance and covers a wider area than those of Stanford Research Institute (SRI) (1963) who defined the theory as simply as those people who, without their support and ideas the organisation would not exist. He further stated that freeman definition was wider because it included individuals outside the firm and other groups that may consider themselves to be stakeholders of the organization without the firm acknowledging them to be so. The stakeholder in most organisations usually includes shareholders, employees, customers, lenders, suppliers, local charities, various interest group and government.

Craig (2010) reported that stakeholders theory emphasizes that all stakeholders have right to be provided with relevant information about how the organisation and this information could involve information about influence of pollution from the organisation to the environment, information about community sponsorship, information on provision of employment,

information on safety initiative provided by the organisation e.t.c. He also emphasized that this information should be provided to the stakeholders even though they do not affect the survival of the organization.

2.3.3 Asymmetric Theory

The asymmetric information theory accepts that no less than one party to a transaction has significant information while others don't. Asymmetric information talks about a deviation from impeccable information. Akerlof (1970) opined that imbalances in access to information can easily influence the capital market for the trading of merchandise and business. It says that in some financial transactions, disparities in access to information annoy the ordinary market for the trading of merchandise and business. This theory gives a hypothetical clarification of the weight to unveil on the executives of the banks who are better put in the corporate structure to know the banks better and along these lines discharge the information they have to the financial specialists that will utilize same for basic leadership. Ball (2009) take note of that reviewed financial related articulations and intentional exposures are corresponding systems for directors to impart information. Gigler and Hemmer (1998) watch that reporting autonomously inspected financial results play a 'corroborative part', enabling shareholders to assess the education and honesty of past optional Disclosures. Thus, this enables directors to solidly reveal value applicable information, regardless of the possibility that the information is not specifically unquestionable.

2.2.4 Voluntary Disclosure Theory

The thought of theory of Voluntary Disclosure emphasizes that, even without control, managers still wish to reveal extra information. This is because in the light of contemplations found in organisation theory, which affirm that agency expenses are borne for the most part by agent (Jensen and Meckling, 1976). Along these lines, operators attempt to diminish their agency expenses to augment their riches. As depicted in organization theory, agent expenses are a result of information asymmetry, whereby the specialist has more private information

about the organization's performance than the essential. Hypothetical and exact reviews in accounting center on the educational part of willful revelations for the capital markets. (e.g. Healy and Palepu, 2001; Verrecchia,2001). The SEC and the FASB give rules to obligatory revelations; the exposure writing in accounting alludes to deliberate and optional disclosures, conversely, as informationmanagement discharges itself. The hidden supposition in the disclosure writing is the administrator has better information than others. The outcome is executives' exchange off between settling on accounting decisions and giving revelations to "convey their better information of an organization's performance than financial specialists, and to oversee announced performance for contracting, political, or corporate management reasons" (Healy and Palepu, 2001).

Hypothetical reviews identified with Disclosure propose full revelation of information will happen because of financial specialists' conviction non-unveiling firms have the most exceedingly bad conceivable information(Grossman, 1981). Such reviews likewise accept sound exposures and zero Disclosure costs. In any case, Verrecchia (1983) proposes, within the sight of settled, positive Disclosure costs, just firms whose information gives financialreturns better than expenses will uncover. Likewise, revelation approaches are impacted when Disclosures give information to contenders (Verrecchia, 1983). Hypothetical reviews in accounting identified with revelation are most worried about what sorts of exposures may happen.

2.2.5 Ethical Relativism Theory

This theory was developed by Velasques, Andre, Sharks and Meyer (2004) at Santa Clara University, Silicon Valley which holds that moral quality should be the standards of one's way of life. That is whether an activity is correct or wrong relies upon the ethical standards of the general public in which it is practiced. A similar activity might be ethically appropriate in one society yet be ethically wrong in another. For the moral relativist, there are no general good norms that can be all around connected to all people groups under all circumstances.

The main good gauges against which a general public's practice can be judged are its own. In the event that moral relativism is right, there can be no regular structure for settling moral question or for achieving concession to moral matters among individuals from various social orders. Moral relativism advises us that diverse social orders have distinctive good convictions and that our convictions are profoundly affected by culture. It additionally urges us to investigate the reasons hidden convictions that contrast from our own, while testing us to look at our purposes behind the convictions and qualities we hold. This consequently holds the way that Nigerian saving financial industry has a culture that necessity to assimilate morals that are with respect to the Nigerian managing an account culture, which will deliver feasible performance that will guarantee financial strength and resolve financial misery.

2.2.6 Resource Dependence Theory

Asset reliance theory created by Pfeffer and Salancik in 1978 emphasized that the board and specifically the constitution of the non-official component of a board can furnish the firm with a key arrangement of assets. This epitomizesthe board as a wellspring of assets for an organisation to open up an altogether different path and, to consider the board's contribution in bringing expertise to the company. Assets can take an assortment of structures each of which can be contended to add to the capital of an organisation. Non-official executives can be a wellspring of mastery which managers can draw upon, both as particular abilities and also exhortation and advice in connection with technique and its performance. They can likewise fill in as vital wellspring of contacts, information and connections that enable officials to better deal with a portion of the instabilities in nature.

Asset reliance theory enables us to think about the altogether different requirements that organisations have at various phases of their life-cycle. This theory is associated with this review in pulling assets together to furnish great corporate management with sound moral values in an unhistorical working condition like Nigerian keeping financial industry. The

significant review holes are that a large portion of the reviews just thought to be one of the instruments of either moral qualities or corporate management, while this review see the mix of the two in giving quality and dependable financial reports; likewise this review proceeds to interface the effect of International Financial Reporting Standard and notwithstanding associating it with two imperative investments that will offer reality to the usage of the suggestions.

managers themselves for daily control and similar purposes are not included in this definition, as it is neither practicable nor sensible for the finance director to have responsibility for any of these. However, the quality of the underlying finance systems used for generating such reports remains the responsibility of the director of finance.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

Research design can be described as the programme that guides researchers in the process of collecting, analyzing and interpreting data. Research design defines the domain of generalization, indicating whether the obtained research interpretation can be generalized to a larger population or to different situations. The questions of what to study, what to observe and how to collect data are treated by research design. Research design has four components, which includes; comparison, manipulation, control and generalization (Elikwu, 2008).

The research design therefore serves as a veritable guide for data generation, especially primary data. In this study, survey was used. The research method adopted in this study is the survey method by means of questionnaires only. A survey is used to obtain information which can be analyzed and pattern formed which lend themselves to interpretation and comparison. In most cases, a survey will aim to obtain facts and opinion from a representative selection of the population being researched. From that sample, the researcher will then be able to present findings as being representative of the population as a whole (Bell, 1992).

3.2 Population, Sample and Sampling Techniques

Due to the fact that this research work focuses its attention an ethical assessment of Corporate Governance and Financial Reporting in Nigerian Banks, as well as strengthening accountability and reliable corporate performance reporting, the choice of population for this study was driven by the need to extract informed and relevant information from employees of surveyed organization. This is essential in making informed assessments, conclusions and recommendations at the end of the research. The characteristics of the population were

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determined by limiting the study to full-time employees who are integral part of the company.

The population of this study is therefore hinged on the Nigerian banking sector, with three (3) branch offices of United Bank for Africa Plc in Abuja as representatives of the entire population, being companies listed on the Nigerian Stock Exchange and registered with the Corporate Affairs Commission.

Sample represents the actual number of respondents selected for a particular study. In this study, One hundred and twenty one (121) questionnaires were distributed to the population; being staffs of the head office and three (3) branch offices United Bank for Africa Plc in Abuja, with respondents selected from Operations, internal control and audit departments. The sample size was derived using the Yaro Yamane sample estimation technique;

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

where; N= Population size

n= Sample size

e= Error of margin (0.05)

Hence;

$$n = \frac{121}{1 + 125\,(0.05)^2}$$

$$= \quad n = \frac{125}{1.3025} = 93$$

The researcher employed the simple random sampling technique in order to arrive at the sample size. This was to allow all the members of the population equal chance of

participation. The various cadres of entrepreneurs and small scale businesses cutting across various sectors of the economy were chosen as the target in order to get desired information.

3.3 Methods of Data Collection

The needed information upon which conclusions are drawn was elicited from the use of primary and secondary data. Primary data was collected specifically for the research needs at hand; while secondary data are already published data collected for the purpose other than the specific research needs at hand.

The primary data was collected through the administration of questionnaires. The personal interview was also used to gather primary data, this enabled the researcher obtain some very vital information, while the secondary data were obtained from accounting publications, management journals, seminar papers, published articles on the internet, periodicals, text books as well as lecturer notes. The secondary data formed the basis from where the literature review was drawn.

3.4 Techniques of Data Analysis

Each of the hypotheses would be tested using chi-square (x^2)test statistical at 5% level of significance and (k-1) degree of freedom, where k = number of options. The following formula would be used in computing the Chi-square value of the data.

$$X^2 = \sum \frac{(Oi - Ei)^2}{Ei}$$

Where

X^2 = chi-square

$\sum$ = summation

O_i = Observed frequency

E_i = Expected frequency

Decision Rule: If x^2 calculated value is greater than X^2 tabulated at 5% level of significance and (k-I) degree of freedom, we reject the null hypotheses (H_0), otherwise accept.

3.5 Justification of the Techniques Used

The Simple Random Sampling (SRS) method used in the selection of the sample for the study, which was aimed at giving every member of the target population an equal chance of being selected. The essence of drawing the sample from three branch offices of the Bank was primarily to ensure adequate spread and representation of all the organised, informed, articulate and knowledgeable staff of the bank. Secondly the three branch offices represent the cream of the other branches and banks that are perceived to be strong by the public.

Thirdly and most importantly the population from which the sample was drawn is quite representative of banks, in the country given the national spread of United Bank for Africa Plc and the wide customer base and the experiences of bank. Hence, the researcher believes that the responses, comments and remarks of the staffs, bank and branch offices represented in the sample will therefore reflect the true position of all the Banks in Nigeria.

The sample size of 93 staffs was also considered adequate for the study given its spread, representativeness, percentage of the population (77%). Technically, ninety three (93) respondents were employed in this research. The simple percentage method of data analysis was employed in the analysis of data in order to give credence to the response of the respondents, while the Chi- Square test of significance statistical tool was employed in order to test postulated hypotheses to achieve the objective of the study.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Data Presentation

The presentation and analysis of this research work was purely based on the evaluation of the data gathered in the course of this research work. The result from the use of questionnaire and interview conducted will be evaluated. From the research questions in chapter one, it could be seen that questionnaire can only be used for some direct questions while interviews and observation will be appropriate in order areas for technical questions.

Therefore, the analysis of data in this chapter is based on the data collected by or any of questionnaire interview and observation. A total number of one hundred and twenty one (121) questionnaires were administered on staff of United Bank for Africa Plc., out of which ninety five (93) questionnaires selected using the Yaro Yemen sample estimation technique. The analyses of respondent's responses were done using simple percentages.

4.2 Data Analysis and Results

SECTION A

TABLE 1: SHOWING SEX DISTRIBUTION OF RESPONDENTS

SEX	FREQUENCY	PERCENTAGE
MALE	45	48
FEMALE	48	52
TOTAL	**93**	**100%**

Source: Field Survey, 2019

The above table shows that the organization has more female employees than their male counterpart. The female respondents represent 52% as against 48%

TABLE 2: Showing Marital Status of Respondents

MARITAL STATUS	FREQUENCY	PERCENTAGE
SINGLE	41	44
MARRIED	48	52
WIDOWED	4	4
TOTAL	**93**	**100%**

Source: Field Survey, 2019

The above table shows that the organization has 48 married respondents representing 52%, 41 respondents are single representing 44%, while 4 respondents are widowed.

TABLE 3: Showing Age Distribution of Respondents

AGE	FREQUENCY	PERCENTAGE
21 – 25yrs	20	22
26 – 29yrs	16	17
30 – 39yrs	38	41
40yrs – above	19	20
TOTAL	**93**	**100%**

Source: Field Survey, 2019

The above table shows the various age categories as contained in the questionnaire. It shows that the 22% of the respondents are between the age brackets of 21 – 25years, 17% of the respondents are between the age brackets of 26 – 29years, 41% of the respondents are between the ages of 30 – 39 years, while 20% of the respondents are above 40 years old. This shows that the organization is made up of mature men and women who are old enough to understand the importance of Corporate Governance and Financial Reporting standard.

TABLE 4: Showing Educational Qualification of Respondents

QUALIFICATION	FREQUENCY	PERCENTAGE
OND/NCE	9	10
HND/B.SC	63	67
MBA/MBF/M.SC	17	19
PROFESSIONAL Q	4	4
TOTAL	**93**	**100%**

Source: Field Survey, 2019

The above table reveals the qualifications of the respondents. The table above depicts that majority of the respondents representing 67% are HND /B.SC degree holders, 19% of the respondent are second degree holders in MBA & MBF, 19% of the respondents are qualified professionals while only 10% are holders of NCE / OND certificates and employees with Professional qualifications are 4% of the sample size. This shows that the bank has very qualified hands (personnel) to run the affairs of the banks' operations competently.

TABLE 5: Showing Organizational Status of Respondents

MGT CADRE	FREQUENCY	PERCENTAGE
TOP MGT STAFF	23	25
MID-MGT STAFF	37	40
JUNIOR STAFF	33	35
TOTAL	**93 .**	**100%**

Source: Field Survey, 2019

The above table shows the various level of management that responded to the questionnaire, 40% of the whole respondents were middle management staffs who represent the core operations personnel, 25% were top management staff, while 35% of the respondents were junior staff.

TABLE 6: Do you agree that the banking industry is the key to achieving economic stability and development of other sectors of Nigeria Economy?

RESPONSE	FREQUENCY	PERCENTAGE
Strongly Agree	39	42%
Agreed	48	52%
Undecided	6	6%
Disagree	0	0
Strongly Disagree	0	0
TOTAL	**93**	**100%**

Source: Field Survey, 2019

The above table shows that 42% of the respondents Strongly Agree and 52% of the respondents agree that the banking industry is the key to achieving economic stability and

development of other sectors of Nigeria Economy, while only 6% were undecided and none disagreed.

TABLE 7: Does your organization have a written code of corporate governance wherein the rights of shareholders and duties of the boards are specified?

RESPONSE	FREQUENCY	PERCENTAGE
Strongly Agree	23	25%
Agree	44	47%
Undecided	26	28%
Disagree	0	0
Strongly Disagree	0	0
TOTAL	**93**	**100%**

Source: Field Survey, 2019

The above table indicates that 23 respondents representing 25% Strongly Agree and 44 respondents representing 47% agree that the organization has a written code of corporate governance wherein the rights of shareholders and duties of the boards are specified. However, a significant number of respondents were undecided representing 28%.

TABLE 8: What are the roles of effective Corporate Governance in ethical financial reporting in Nigerian banks?

RESPONSE	FREQUENCY	PERCENTAGE
Financial Disclosures	23	25%
Board Accountability & Transparency	31	33%
Auditors' Independence	18	19%
Quality of Audit Reports	21	23%
TOTAL	93	**100%**

Source: Field Survey, 2019

The above table indicates that 25% of the respondents are of the opinion that effective Corporate Governance would enhance financial disclosures in ethical financial reporting in Nigerian banks, 23% are of the opinion that Corporate Governance would enhance quality of auditors' report, 19% auditors independence, while 33% board transparency and

accountability. This shows that, effective corporate governance will enhance all areas that will positively enhance ethical financial reporting in Nigerian banks.

TABLE 9: There are inherent benefits of ensuring ethical Financial Reporting Standards.

RESPONSE	RESPONDENTS	PERCENTAGE
Strongly Agree	31	33%
Agree	39	42%
Undecided	15	16%
Disagree	6	7%
Strongly Disagree	2	2
TOTAL	**93**	**100%**

Source: Field Survey, 2019

The above table shows that 31 respondents which represent 33% of the respondents Strongly Agree with the statement that there are inherent benefits of ensuring ethical Financial Reporting Standards, 42% of the respondents agreed 15% were undecided, while 7% and 2% disagreed and strongly disagreed respectively.

TABLE 10: Do you agree that imbibing the spirit of transparency, the culture of accountability and integrity minimizes corporate failures and distress?

RESPONSE	RESPONDENTS	PERCENTAGE
Strongly Agree	37	40%
Agree	52	56%
Undecided	4	4%
Disagree	0	0
Strongly Disagree	0	0
TOTAL	**93**	**100%**

Source: Field Survey, 2019

The above table shows that 37 respondents representing 40% of the sample size strongly agree and 52 respondents representing 56% agree that imbibing the spirit of transparency, the

culture of accountability and integrity minimizes corporate failures and distress, while only 4% were undecided, none of the respondents disagreed.

TABLE 11: Effective Corporate Governance significantly influences ethical Financial Reporting in Nigerian banks

RESPONSE	RESPONDENTS	PERCENTAGE
Strongly Agree	34	37%
Agree	36	39%
Undecided	15	16%
Disagree	5	5%
Strongly Disagree	3	3%
TOTAL	**93**	**100%**

Source: Field Survey, 2019

The above table indicates that 34 respondents representing 37% Strongly Agree with the above statement, 39% agreed that effective Corporate Governance significantly influences ethical Financial Reporting in Nigerian banks. However, 15 respondents representing 16% were undecided, while 5% disagreed and 3% strongly disagreed respectively.

TABLE 12: Improved financial reporting and corporate governance will restore investors' confidence in Nigerian banks

RESPONSE	RESPONDENTS	PERCENTAGE
Strongly Agree	56	60%
Agree	31	33%
Undecided	6	7%
Disagree	0	0
Strongly Disagree	0	0
TOTAL	**93**	**100%**

Source: Field Survey, 2019

The above table shows that 56 respondents representing 60% Strongly Agree with the statement, 31% of the respondents agreed, while 7% of respondents were undecided. The

above analysis shows that, improved financial reporting and corporate governance will restore investors' confidence in Nigerian banks.

TABLE 13: Adoption of the International Financial Reporting Standards will enhance transparency, accountability and integrity of Nigerian banks

RESPONSE	RESPONDENTS	PERCENTAGE
Strongly Agree	31	33%
Agree	42	45%
Undecided	5	5%
Disagree	9	10%
Strongly Disagree	6	7%
TOTAL	**93**	**100%**

Source: Field Survey, 2019

The above table indicates that 31% of the respondents strongly agree that Adoption of the International Financial Reporting Standards will enhance transparency, accountability and integrity of Nigerian banks and 45% agreed. However, 5% of the respondents were undecided, 10% disagreed while 7% strongly disagreed with the statement.

TABLE 14: Do you agree that the independence of external auditors has a significant impact on the effectiveness of Corporate Governance and Financial Reporting in Banks?

RESPONSE	RESPONDENTS	PERCENTAGE
Strongly Agree	37	40%
Agree	51	55%
Undecided	5	5%
Disagree	0	0
Strongly Disagree	0	0
TOTAL	**93**	**100%**

Source: Field Survey, 2019

The above table indicates that majority of the respondents i.e. 55% and 40% agreed and strongly agreed respectively that, the independence of external auditors has a significant

impact on the effectiveness of Corporate Governance and Financial Reporting in Banks. while only 5% of the respondents were undecided. This indicates that the independence of external auditors is an indication of the existence of effective corporate governance, which will encourage quality and standard financial reporting in banks.

TABLE 15: There is no negative impact of Ethical Financial Reporting on transparency and accountability of Nigerian banks

RESPONSE	RESPONDENTS	PERCENTAGE
Strongly Agree	36	39%
Agree	43	46%
Undecided	3	3%
Disagree	7	8%
Strongly Disagree	4	4%
TOTAL	**93**	**100%**

Source: Field Survey, 2019

The above table shows that 39% of the respondents Strongly Agree with the statement, 46% agreed, while 3% were undecided, 8% disagreed and 4% of the respondents strongly disagreed. This shows that there is a significant impact of Ethical Financial Reporting on transparency and accountability of Nigerian banks.

4.3 Test of Hypotheses

Having given a careful analysis of the responses, the hypothesis earlier formulated in chapter one of this study are approached by the use of chi-square at 0.05 (5%) level of significance.

Hypothesis One

H_0: Effective Corporate Governance has no significant influence on ethical Financial Reporting in Nigerian banks

H_1: Effective Corporate Governance significantly influences ethical Financial Reporting in Nigerian banks

The above postulated hypothesis is tested using data from table 11

TABLE 16: CONTIGENCY TABLE FOR COMPUTATION OF EXPECTED FREQUENCY FOR HYPOTHESIS 1

EXPECTATION	SA	A	UN	D	SD	M. TOTAL
TOP MGT	8	15	0	0	0	23
MID MGT	14	12	8	2	1	37
JUNIOR STAFF	12	9	7	3	2	33
M. TOTAL	34	36	15	5	3	93

Computation of Chi Square (X^2) and degree of freedom using the following formula:

$$\text{Expected Frequency} = \frac{\text{Column Total X Row Total}}{\text{Grand Total}}$$

The contingency table is 3 x 5 (i.e. 3 rows and 5 columns), with this, the degree of freedom (df) to (X^2) distribution would be calculated thus:

EXPECTED FREQUENCY (E)

$$E\ (ni\ 1) = \frac{CT \times RT}{GT}$$

$$E\ (1.1) = \frac{34 \times 23}{93} = 8.4$$

$$E\ (1.2) = \frac{34 \times 37}{93} = 13.5$$

$$E\ (1.3) = \frac{34 \times 33}{93} = 12.1$$

$$E\ (2.1) = \frac{36 \times 23}{93} = 8.9$$

$$E\ (2.2) = \frac{36 \times 37}{93} = 14.3$$

$$E(2.3) = \frac{36 \times 33}{93} = 12.8$$

$$E(3.1) = \frac{15 \times 23}{93} = 3.7$$

$$E(3.2) = \frac{15 \times 37}{93} = 5.9$$

$$E(3.3) = \frac{15 \times 33}{93} = 5.3$$

$$E(4.1) = \frac{5 \times 23}{93} = 1.2$$

$$E(4.2) = \frac{5 \times 37}{93} = 1.9$$

$$E(4.3) = \frac{5 \times 33}{93} = 1.7$$

$$E(5.1) = \frac{3 \times 23}{93} = 0.7$$

$$E(5.2) = \frac{3 \times 37}{93} = 1.2$$

$$E(5.3) = \frac{3 \times 33}{93} = 1.1$$

TABLE 17: COMPUTATION OF CHI-SQUARE (X^2) HYPOTHESIS 1

OBSERVED FREQUENCY	EXPECTED FREQUENCY	(O-E)	$(O-E)^2$	$\frac{(O-E)^2}{E}$
8	8.4	-0.4	0.16	0.02
14	13.5	0.5	0.25	0.02
12	12.1	-0.1	0.01	0
15	8.9	6.1	37.21	4.18
12	14.3	-2.3	5.29	0.36
9	12.8	-3.8	14.44	1.13
0	3.7	-3.7	13.69	1
8	5.9	2.1	4.41	0.75
7	5.3	1.7	2.89	0.55
0	1.2	-1.2	1.44	1.12
2	1.9	0.1	0.01	0.01
3	1.7	1.3	1.69	0.99
0	0.7	-0.7	0.49	0.07
1	1.2	-0.2	0.04	0.03
2	1.1	-0.9	0.81	0.74
				10.97

From the value, $X^2C = 10.97$, X^2T at 0.05 with df (k – 1) = 4 is 9.49

DECISION: Since the test statistic $X^2C = 10.97$ is greater than the tabulated $X^2T = 9.49$, the Null hypothesis (H_0) is rejected and the Alternative hypothesis (H_1) is accepted, which states that, Effective Corporate Governance significantly influences ethical Financial Reporting in Nigerian banks

Hypothesis Two

H_0: There is no negative impact of Ethical Financial Reporting on transparency and accountability of Nigerian banks

H_1: There is a negative impact of Ethical Financial Reporting on transparency and accountability of Nigerian banks

The above postulated hypothesis is tested using data from table 15

TABLE 18: CONTIGENCY TABLE FOR COMPUTATION OF EXPECTED FREQUENCY FOR HYPOTHESIS 2

EXPECTATION	SA	A	UN	D	SD	M. TOTAL
TOP MGT	7	15	0	1	0	23
MID MGT	15	17	1	3	1	37
JUNIOR STAFF	14	11	2	3	3	33
M. TOTAL	36	43	3	7	4	93

Computation of Chi Square (X^2) and degree of freedom using the following formula:

$$\text{Expected Frequency} = \frac{\text{Column Total X Row Total}}{\text{Grand Total}}$$

The contingency table is 3 x 5 (i.e. 3 rows and 5 columns), with this, the degree of freedom (df) to (X^2) distribution would be calculated thus:

EXPECTED FREQUENCY (E)

$$E\ (ni\ 1) = \frac{CT \times RT}{GT}$$

$$E\ (1.1) = \frac{36 \times 23}{93} = 8.9$$

$$E\ (1.2) = \frac{36 \times 37}{93} = 14.3$$

$$E\ (1.3) = \frac{36 \times 33}{93} = 12.8$$

$$E(2.1) = \frac{43 \times 23}{93} = 10.6$$

$$E(2.2) = \frac{43 \times 37}{93} = 17.1$$

$$E(2.3) = \frac{43 \times 33}{93} = 15.3$$

$$E(3.1) = \frac{3 \times 23}{93} = 0.7$$

$$E(3.2) = \frac{3 \times 37}{93} = 1.2$$

$$E(3.3) = \frac{3 \times 33}{93} = 1.1$$

$$E(4.1) = \frac{7 \times 23}{93} = 1.7$$

$$E(4.2) = \frac{7 \times 37}{93} = 2.8$$

$$E(4.3) = \frac{7 \times 33}{93} = 2.5$$

$$E(5.1) = \frac{4 \times 23}{93} = 1.0$$

$$E(5.2) = \frac{4 \times 37}{93} = 1.6$$

$$E(5.3) = \frac{4 \times 33}{93} = 1.5$$

TABLE 19: COMPUTATION OF CHI-SQUARE (X^2) HYPOTHESIS 2

OBSERVED FREQUENCY	EXPECTED FREQUENCY	(O-E)	$(O-E)^2$	$\frac{(O-E)^2}{E}$
7	8.9	-1.9	3.61	0.41
15	14.3	0.7	0.49	0.03
14	12.8	1.2	1.44	0.11
15	10.6	4.4	19.36	1.83
17	17.1	-0.1	0.01	0
11	15.3	-4.3	18.49	1.21
0	0.7	-0.7	0.49	0.7
1	1.2	-0.2	0.04	0.03
2	1.1	0.9	0.81	0.74
1	1.7	-0.7	0.49	0.29
3	2.8	0.2	0.04	0.01
3	2.5	0.5	0.25	0.1
0	1.0	-1	1	1
1	1.6	-0.6	0.36	0.23
3	1.5	1.5	2.25	1.5
				8.19

From the value, $X^2C = 8.19$, X^2T at 0.05 with df $(k - 1) = 4$ is 9.49

DECISION: Since the test statistic $X^2C = 8.19$ is lesser than the tabulated $X^2T = 9.49$, the Alternative hypothesis (H_1) is rejected and the Null hypothesis (H_0) is accepted, which states that, there is no negative impact of Ethical Financial Reporting on transparency and accountability of Nigerian banks.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY

Findings revealed that corporate governance (board size, board independence, board meetings, audit committee size, audit committee independence and audit committee meetings) has a significant effect on earnings quality of quoted financial and non-financial firms in Nigeria. The paper concluded that corporate governance has a significant effect on earnings quality of quoted financial and non-financial firms in Nigeria. The earnings of quoted financial firms are significantly and positively influenced by board size and negatively influenced by board meetings speaking a lot on the number of meetings held which may translate into incurring more expenses. The presence of large board size yields better quality of earnings for the financial firms. For the quoted non-financial firms in Nigeria, their earnings are significantly and negatively influenced by board meetings. The independence of the board members is not sufficient enough to influence the quality of earnings for both quoted financial and non-financial firms in Nigeria. The study therefore concluded that corporate governance has significant effects on the earnings of quoted financial firms, especially with the board size and board meetings. Also, corporate governance has a significant effect on earnings quality of quoted nonfinancial firms especially with regard to their board meetings.

The study has shown that financial information disclosure is an important indicator of the corporate performance and stability of banks in Nigeria. While it was found out that compliance with the existing regulatory requirements was high, a critical issue remains the disclosure of information by the banks on the quality of their assets as well as the credit and market risks to which they are exposed. Banks are seldom willing to make all the necessary disclosure regarding the true nature of their risk portfolio. This is an area where mandatory disclosure has not been quite adequate. A notable issue is the need for the banks to be

cautious not to be tempted in the deployment of capital on risky ventures for short term returns. This was evident in the substantial loss of Shareholders funds as a result of the discovery of toxic assets in the loan portfolio of many of the banks during 2009 exercise by the CBN.

In this study, the effect of ethical corporate governance on the quality of financial reports of banks in Nigeria was evaluated. It should be noted that weak corporate governance allows banks to be unhealthy, unsafe and unsound. The key components of corporate governance examined in this study are sources of instability and if they are appropriately taken care of in good time, the system will be heading toward the desired stability and the Nigerian economy will be the better for it. The postulated hypotheses were that, effective Corporate Governance has no significant influence on ethical Financial Reporting in Nigerian banks and that, there is no significant impact of Ethical Financial Reporting on transparency and accountability of Nigerian banks.

5.2 Conclusion

This study examined some key components / mechanisms of corporate governance. The components considered were board composition, board responsibilities, insider related credits, internal control, disclosure and transparency. It was observed that even with the release of the Code of Corporate Governance by the Central Bank of Nigeria, the lessons of corporate failures have not been learnt in Nigeria particularly in the banking sector. These incidences of poor corporate governance have gone a long way in threatening the very foundation upon which the banking sector was laid in Nigeria which, in essence, has made so many banks to go into extinction and sudden disappearance from the banking world. From the foregoing discussions, it is unveiled that without regulations, financial reporting will be nothing more than window dressing. The economic cost of this to the owners in relation to the security of their investments, government in relation to its development plan, and public in relation to confidence is higher than the cost involved in regulating the market.

Conclusively, the successful existence of companies relies on compliance with corporate governance, thereby adopting financial practices that will bring about credibility of the financial reports of quoted financial and non-financial firms. Therefore, good corporate governance affects the financial practices of firms which boost the corporate images, growth and market value of companies

5.3 RECOMMENDATIONS

On the basis of the findings, the study concludes that ethical and effective corporate governance of integrity, objectivity and technical competence is fundamental in the production of quality financial reports. Therefore, the following suggestions were provided to improve the financial reporting framework:

i. The employment processes of banks need to be improved for men and women with high level of ethical standing to be employed in the banking industry.

ii. Banks in Nigeria need to establish ethics and compliance department to guide and monitor ethics implementation in their day-to-day activities.

iii. The banking industry reporting structure should adhere strictly to the financial reporting framework issued by the International Financial Reporting Standards for better and more acceptable financial reports.

iv. Efforts should be made by corporate Institutions to adopt corporate Governance principles by attaching great importance to issues of transparency, accountability, ethical operations, good management practices and so on, the absence of which has been the primary cause of corporate failures and distress.

v. Efforts should also be made by companies to ensure public confidence in their operations as well as in the reports that emanate from such operations. To enhance or rebuild confidence in corporate performance reporting the financial reports of corporate institutions should be able to provide reliable key information to the shareholders, consumers members of the public and other stakeholders on a timely basis, in a format and language understood by them, in order to enhance their decision-making process.

vi. Directors of finance should take all reasonable steps to ensure the quality and integrity of all financial information contained not only in financial statements but also that used in any special purpose financial report which may be issued or published, and also in internal financial reports including those that link operational to financial performance.

vii. Regulatory authorities should fashion out adequate sanctions for non-compliance with disclosure requirements. Such sanctions should be strong enough to act as deterrent for concealment of, and/or fraudulent information. Similarly, regulatory authorities are advised to strengthen the monitoring process by identifying non-compliant banks promptly and imposing sanctions equally promptly. This will give better meaning to the disclosure prescriptions and minimize the tendency of CBN coming up too late only to declare banks as troubled when it would be rather late to rescue such banks.

viii. The Central Bank of Nigeria (CBN) and/or other regulators should be the employer and payer of Bank external auditors in order to insulate these auditors from rent seeking appeasement of bank directors. The current provision of the law vesting the responsibility on the Shareholders is being used by the Directors and Management for self serving purposes.

5.4 Limitations of the study

The major constraint of this research was sourcing the strategic framework of the adoption of the International Financial Reporting Standard in Nigerian banks. This was a constraint because of the confidentiality of the organizations internal operational policy which was seen as divulging organizational secrets, and also the very busy schedule of the staff of the bank also affected the level of information sourced.

Another constraint was inadequate financial resource, which affected the sourcing and collection of all relevant information needed for this study. The cost of travelling, visiting financial institutions to get relevant information, administering and collection of completed questionnaires, cost of making photocopies of all needed materials was also a constraint.

Time was also a constraint as there was no adequate time to carry out an extensive research on such important study as regards evaluation of the International Financial Reporting Standard as a tool for enhancing corporate Governance and Organizational performance.

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