CORPORATE GOVERNANCE ATTRIBUTE AND LIKELIHOOD OF FINANCIAL STATEMENT FRAUD IN NIGERIA

HABEEB ISAH

SBS/2282070498

DECEMBER, 2022

CORPORATE GOVERNANCE ATTRIBUTE AND LIKELIHOOD OF FINANCIAL STATEMENT FRAUD IN NIGERIA

HABEEB ISAH
SBS/2282070498

A PROJECT SUBMITTED TO THE DEPARTMENT OF BANKING AND FINANCE IN PARTIAL FULFILLMENT FOR THE AWARD OF HIGHER NATIONAL DIPLOMA (HND) IN BANKING AND FINANCE, SCHOOL OF BUSINESS STUDIES, AUCHI POLYTECHNIC, AUCHI

DECEMBER, 2022

CERTIFICATION

We the undersigned hereby certify that this project titled "Corporate Governance Attribute and Likelihood of Financial Statement Fraud in Nigeria" was carried out by HABEEB ISAH with Mat No: SBS/2282070498, under our supervision in the Department of Banking and Finance, Auchi Polytechnic, Auchi, Edo State.

We therefore certify that the project is adequate both in scope and quality and is submitted to the Department of Banking and Finance in requirements of the award of Higher National Diploma (HND) in Banking and Finance.

______________________ ________________

Dr. B. A. Abubakar Date
Supervisor

______________________ ________________

Mr. Musa A. Abdulai Date
Ag. Head of Department
Department of Banking and Finance

DEDICATION

This project work is dedicated to God Almighty my creator, my strong pillar, my source of inspiration, wisdom, knowledge and understanding. He has been the source of my strength throughout this program and on His wings only have I soared. I also dedicate this work to my family Mr. and Mrs. Habeeb Momoh Yusuf.

ACKNOWLEDGMENT

All praises belong to Almighty Allah, the most gracious, most merciful, the creator of all mankind who gave me strength and the ability throughout my school, who gave me the knowledge to focus on my study and the courage to be able to finish this work. I say Alhamdulillah.

My profound gratitude goes to my supervisor Dr. Billyaminu A. Abubakar who made this my project work a successful one. And also to my lecturers in Auchi Polytechnic, I say a big thank you to you all for the knowledge you have imparted on me throughout my stay in Auchi Polytechnic.

I appreciate the efforts and contribution of those who have been with me from birth especially my parents Mr. and Mrs. Habeeb Momoh Yusuf who have been encouraging me all this while. Thank you for not giving up on me. And to my relatives: Habeeb Rashidah, Habeeb AbdulRazak, Habeeb Abdulrasheed; I say thank you for all your efforts and contribution towards me.

Finally, to my lovely future wife Abubakar Bashirat, thank you for always standing by me. I will forever love you. God bless you all.

TABLE OF CONTENTS

CHAPTER FOUR: DATA PRESENTATION AND ANALYSIS OF RESULTS

CHAPTER FIVE: SUMMARY, OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

Abstract

This study reviewed the Corporate Governance Attributes and Likelihood of Financial Statement Fraud in Nigeria for the period spanning 5 years (2016-2020). A total of One hundred and seventy-six (176) firms listed in the Nigeria Stock Exchange as at 2020, constitute the population of the study. Ordinary Least Square technique was used to analyze the study. The independent variables includes Board Size, Block Institutional Ownership, Block Foreign Ownership, Board of Directors Independence, Audit Committee Financial Expertise and CEO dominance while the research used Beneish Model to proxy fraud as the dependent variable. Empirical findings revealed that only board independence and audit committee expertise has a significant impact on the likelihood of financial statement fraud. Premise on the research findings, this study therefore concludes that of the corporate governance variables considered; only board independence and audit committee expertise has a significant impact on the likelihood of financial statement fraud. Therefore, it is recommended that should have at least some foreign ownership so that they can benefit from better financial reporting as obtainable in other parts of the world. Also, audit committees should be based on their financial expertise and experience. This is because; financial expertise helps the auditors spot financial statement fraud right on time. Firms can also employ the skills of third party auditors to analyze and critic financial statements of the firm.

Key Words: CEO Dominance, Audit Committee Financial Expertise, Board of Directors Independence, Foreign Ownership

Word Count: 223

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The variation in the outlook of corporate organizations in terms of sizes, activities and articulate presentation of their financial statement does not connote the presence or absence of fraud. Even, the establishment and implementation of uniform financial reporting has not stopped the existence of fraudulent practices in corporate organizations. This is evidenced in the media report in the early 1990s and 2000s, where rampant shareholder unrest was at its peak. Shareholder groups became increasingly critical of how management and board of directors manage their companies. They complained about management's lack of accountability, ineffective and complacent boards, excessive managerial compensation, and a general lack of focus on the importance of shareholders relative to management. These are some of the few reasons for fraud occurrence in the corporate organization (Abdullah & Mansor, 2015; Anichebe, Agbomah & Agbagbara, 2019).

Financial statement is expected to provide stakeholders with timely and reliable information, which is expedient for effective and efficient decision making. Being the tools used by management of corporate organization for reporting and communicating financial performance, stakeholders do expect a zero level of manipulation in the preparation, presentation and reporting of financial statement. However, Park and Shin (2011), opined that the reverse is the case in most corporate organizations, as records of manipulation occur in financial statement of companies with the aim to mislead users.

To Hamilton and Gabriel (2014), fraud arises from the human deficiencies with deliberate effort to mislead users. This type of fraud creates a material mistake in the financial statements; this includes a willing manipulation of accounting records such as omission of transactions, disclosures from financial statements; and misuse of financial reporting standards. This is often done with the intention of biased presentation of the financial statements. Moreover, the record of global corporate mistakes and economic scandals such as Enron and WorldCom in relation to some domestic economic scandal at Oceanic Bank, Intercontinental Bank, Cadbury Plc. And, to mention a few, Afribank showed the omnipresence and dynamism of corporate fraud (Amara, Amar & Jarboui, 2013).These resulted in huge losses of stakeholders' funds in the collapsed firms. Beside the social and economic consequences of financial statement fraud, it reduces the reliability of financial statement produced (Hamilton & Gabriel, 2014). Financial statement fraud has reduced the credibility of corporate organizations financial reports (Abdullah & Mansor, 2015). This makes it necessary for researchers and stakeholders to continually monitor the activities of management, in order to prevent the likelihood of fraud in the financial statement. The variance in the interest of the corporate stakeholders can lead to sub-optimal management decisions. Such decision is possible because the decisions of management are not visual and are never aligned to that of their agent (Ibadin & Toluwa, 2019; Uwuigbe, Peter & Oyeniyi, 2014). To tackle the problem of fraud and make executives more responsible to shareholders, corporate governance has been proposed as a panacea in literature to threaten the probability of fraud in financial statements (Onza & Lambogha, 2014). Hence, there is need for good global corporate governance practices in corporate organizations. The Corporate Governance Code establishes norms related to board structure and growth, remuneration, responsibility, transparency and shareholder auditing. The code allows efficient and helpful corporate governance in mitigating disputes between agencies (Dey, 2008; Nigerian Code of Corporate Governance, 2018).

Flowing from this backdrop, this study examined corporate governance mechanism such as ownership structure, board of director independence, audit committee financial expertise, board size, and Chief Executive Officer Dominance effect on likelihood of financial statement fraud. This leads us to a crucial section of the statement of research problem as the justification for this study.

1.2 Statement of Research Problem

The uncertainty on investors' returns on their investments is geometrically increasing and the confidence of stakeholders on the financial statements of organizations, as a means of decision-making is being gradually eroded owing to the cases of fraudulent activities that have characterized the financial statements (Meenatkshu & Sivaranjani, 2016). The integrity of financial disclosure has been an issue of primary concern to researchers, especially after the high-profile accounting failure in corporate organization (Amara, Amar & Jarboui, 2013). More worrisome in literature is that financial statement frauds in Nigeria have not been resolved in a way that can boost investors' confidence; also the public confidence has waned as a result of lack of check and balances in the political terrain and poor corporate governance practice. More so, the rapid development of information technology in organizations has created new opportunities for fraud to be perpetrated and concealed (Adeyemi & Fagbemi, 2010).

Onza and Lambogha (2014) have revealed weaknesses in several main factors of corporate governance and their connection to the probability of fraud in financial statements. These weaknesses include: the board with a lower percentage of external directors, fewer audit committee meetings, the percentage of independent directors, fewer audit committee financial experts, the quality of the external audit firm and when the Chief Executive Officer (CEO) hold a significant percentage equity shares in a company, the presence of a rapid growth of the company, poor financial performance; the age of the companies; managers shareholdings (Razali & Arshad, 2014).This study empirically examined the disclosure of corporate governance and the likelihood of fraudulent financial reporting. Also, in Italy, Onza and Lambogha (2011) reviewed the relationship between corporate governance characteristics and financial statement fraud; their findings revealed that a well-established and functioning audit committee may reduce the likelihood of financial statement fraud. However, the study was narrowed to 26 firms for a period of 10 years; this sample size seems to be too small to generalize the incidence of fraud in a country (Akeju & Babatunde, 2017).

Roodposhti and Chashmi (2011); Lin and Yang (2006); Fagbemi&Abogun (2014) claimed that corporate governance's efficacy reduces when the CEO and chairman are the same. That is, when the CEO's position is not separated from the chairman's position, the probability of financial statements fraud occurring is high. Uwuigbe, Peter and Oyeniyi (2014) examined the impact of corporate governance on corporate earnings management; the study limited its scope to three variables of corporate governance, this again, cannot produce a robust outcome for future reference. Alaryan (2015) examined corporate governance and financial statement fraud using only thirty (30) non-financial firms and classifying the firm into fraud and non-fraud firms. The uniqueness of this study is that, besides increasing our variables, we intend to employ the Beneish M-Score to measure the likelihood of financial statement fraud compared to Altman Z-Score that is predominantly used in most fraud related studies. Also, the conflicting findings that bewildered previous studies is another motivation for this study.

1.3 Objectives of the Study

The broad objective of this study is to examine the impact of corporate governance on the likelihood of financial statement fraud in Nigeria, while the specific objectives of the study are to:

1. Examine the impact of board size on the likelihood of financial statement fraud in Nigeria;
2. Examine out the impact of institutional ownership on the likelihood of financial statement fraud in Nigeria;
3. Determine the impact of foreign ownership on the likelihood of financial statement fraud in Nigeria;
4. Ascertain the impact of director independence on the likelihood of financial statement fraud in Nigeria;
5. Assess the relationship between CEO dominance and the likelihood of financial statement fraud.

1.4 Research Questions

1. To what extent does board size affect the likelihood of financial statement fraud in Nigeria?
2. What is relationship between institutional ownership and likelihood of financial statement fraud in Nigeria?
3. How does foreign ownership affect the likelihood of financial statement fraud in Nigeria?
4. What effect does board of directors' independence has on the likelihood of financial statement fraud in Nigeria?
5. What is the impact of CEO dominance on the likelihood of financial statement fraud in Nigeria?

1.5 Hypotheses of the Study

In order to achieve the set objectives of this study, the following null hypotheses will be tested:

1. Board size does not affect the likelihood of financial statement fraud.
2. Institution ownership structure has no significant relationship with the likelihood of financial statement fraud.
3. Foreign ownership structure does not have a significant effecton the likelihood of financial statement fraud.
4. Board of director independence has no significant effect on the likelihood of financial statement fraud.
5. CEO dominance has no significant impact on the likelihood of financial statement fraud.

1.6 Significance of the Study

The study will contribute to the body of knowledge methodologically by the introduction of unique corporate governance variables like CEO Dominance and the looking at the specific component of ownership structure such as: institutional ownership and foreign ownership. This will help us determined the specific effect of the constituents of ownership structure on the likelihood of financial statement fraud, rather than just treating these variables as single.

1.7 Scope of the Study

The study will cover a time frame of five (5) years from 2016 to 2020. The reason for our choice of these years is simply because; it falls in the period that has witnessed the introduction of the code of corporate governance reform.

1.8 Limitation of the Study

The major limitation or difficulty encountered by the researcher during the course of carrying out the study was the dearth of accurate data.

1.9 Definition of Operational Terms

Board Size

Board size of an organization is about the number of directors both the executive and the non executive. On the other hand, board composition is the proportion of non executive directors (independence) to total number of directors in an organization.

Institution Ownership Structure

Institutional ownership is the amount of a company's available stock owned by mutual or pension funds, insurance companies, investment firms, private foundations, endowments or other large entities that manage funds on behalf of others.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter provides a review of literature. Thereafter is the empirical review of independent variable; control variables; related theories; and related models respectively.

2.1 Conceptual Framework on Financial Statement Fraud

The concept of fraud has no generally acceptable definition; the reason is that fraud implies different things for distinct individuals. Fraud is any illegal act defined by deceit and breach of confidence. It is a misrepresentation with the intention of deceiving another party (Uwuigbe, et al, 2014). This indicates that fraud is distinct from mistake, since the latter is the consequence of human limitations without attempting to mislead (Hamilton & Gabriel, 2014). In previous research, efforts have been made to classify fraud for better comprehension. Duke and Kankpang (2012) claimed that on the techniques used, fraud is best categorized. This technique involves fraud on books and fraud off books. Abiola and Oyewole (2013) gave two classification: fraud committed by employees below management position (employee fraud) and fraud committed by the management (management fraud); Ogoun and Obara (2013) explained that management frauds are committed by employees in top management level staffs.

Ibadin and Toluwa (2019) and Okaro, Okafor and Ofoegbu (2013) clarified that fraud in the form of fraudulent financial reporting is an intentional misrepresentation of reality in order to deceive consumers of data and achieve unnecessary advantage or cover up inefficiency and fraud. Such advantage can be in the form of misappropriation of assets, assistance and encouragement, corruption and kick back. Management fraud is mainly intended to deceive shareholders and, to a significant extent, auditors and regulators by deliberately presenting fake financial statements (Abiola & Oyewole, 2013; Ogoun & Obara, 2013). Effiok, Ojong and Usang (2012) opined that management relies on the manipulated accounting records, misrepresented financial statement with the intention to mislead and intentional misapplication.

The likelihood of financial statement fraud is a serious concern for investors as fraudulent financial reports can have a substantial negative impact on a company's existence as well as market value. Much worry has been expressed about the large scale of malpractices and abuse of the agency policy system in spite of all the checks and balances of corporate governance on agency problem. The efforts of regulatory bodies and researchers in the accounting profession to classify financial statement fraud have been abortive; the reason is that the process of generating accounting information is quite arbitrary and subject to human judgment (Wells, 2005). This made detecting fraud by mere reading the financial statement a difficult task. This makes it easier to show that there is an environment favorable to fraud than to actually detect its occurrence.

Fraud is a form of "occupational fraud", which involves the deliberate misrepresentation of the financial condition of an enterprise accomplished through the intentional misstatement or omission of amounts or disclosures in the financial statements to deceive financial statement users (ACFE, 2016).

Going further, KPMG (2006) defines financial statement fraud as majorly fraudulent financial statement reporting schemes which involve earnings management, arising from improper revenue recognition and overstatement of a justified and in line with their ethical beliefs. Some examples of perceived pressures that cause people to commit fraud are; financial needs, work frustration and a desire to beat the system. When there is an opportunity to commit fraud, combined with a control system that is weak or absent and the perception that the crime is ethically acceptable, fraud can easily be committed.

2.2 Corporate Governance

Corporate governance has been in existence since time immemorial. Record shows that in the Roman Empire specific corporate bodies were established specifically to manage the activities of public affairs with a full transparency and for the common good of the Romans. Likewise in the early 16th century, England was rated the most powerful trading nation with a variety of rules and regulations via regulatory authorities such as joint stock companies and the Bank of England in order to govern all trading transactions with transparency, accountability, efficiency and effectiveness, and stakeholders' satisfaction (Ibadin & Toluwa, 2019; Oso & Semiu, 2012). The term corporate governance stemmed from the Greek word kyberman, which means to direct, control or govern (Amran, Amar & Jarboui, 2013). Keaser and Wright (1993) stressed this view with the description of corporate governance as the structures, processes, culture and systems that engender the successful operation of organizations. Corporate governance sets out the principles, processes, or laws for business management, oversight, and regulation (Adetula, 2015). He defined corporate governance as methods that protect an organization's operation to differentiate between executives and owners. Organization for Economic Cooperation and Development (OECD) defined corporate governance as a process by which organizations receive direction from management on behalf of the shareholders. Ogbechie (2012) stated that corporate governance guarantees the responsibility and integrity of managers to deliver a reasonable return to their investors and meet other regulatory and contractual responsibilities. Alaryan (2015) also observed that theorists of agencies consider corporate governance a basic contingency for control measures to limit agents ' (managers') behavior. In the same vein, Kantudu and Samaila (2015) were of the opinion that corporate governance helps the process of oversight of leadership and decision making. Corporate governance depends on the relative positions, rights, and accountability of corporate organization stakeholders.

After the crash in the Nigerian banking sector in the early 2000s, corporate governance became a front burner in government discourse. As a result, sector regulators developed corporate governance codes to avoid further corporate failure round. One of the contributions to corporate governance is the establishment of stock exchange markets. The establishment of the Nigerian Stock Exchange as Lagos Stock Exchange in 1961 is a significant move in the history of corporate governance in Nigeria; it was changed to the Nigerian Stock Exchange in 1977. In 1961, by 1988, there were 155 listed corporations on the market; it started its operations with less than ten corporations. By 2001, there was an increase of 100 listed corporations amounting to 255 listed corporations in the market (Ahunwan, 2002). However, the role of corporate governance in finance has increased in the last two decades as a prominent and prevalent area of research (Dabor & Adeyemi, 2011).The Kings III Corporate Governance of 2002 in South Africa and the Code of Corporate Governance of 2003 and the Code of Corporate Governance of 2011, in Nigeria are two referent points in Africa which intended to bring about public confidence and accountability in the business of governance and in the financial reports. The importance of corporate governance to public limited liability companies cannot be overemphasized because they raise capital from the stock market and both individual and institutional investors hold vast portfolios of shares and other investments in public companies. This code requires companies listed on the Nigerian Stock Exchange to appoint independent directors and supervisors, including at least one financial expert, and to establish an audit committee. Evidently, the provisions of the 2011 SEC Code focused on Corporate Governance, Law, and Business and other incidental matter was designed to improve corporate performance in Nigeria (Okaro, Okafor & Ofoegbu, 2013).

2.3 Review of Independent Variables

Corporate governance comprises a set of legal and institutional processes to protect the interests of corporate shareholders and to reduce the expenses of agencies resulting from the separation of ownership (investors) from control (directors and/or shareholders). The most important elements in a corporate governance system are the mechanisms that provide shareholders with information about the activities and the operations of the corporation, and legal rules that establish management's and board of directors' responsibilities as well as the penalties for irresponsible behaviors. A good corporate governance system can help the recovery of investors' trust. In fact, the relation between accounting frauds and corporate governance is really strict, independently of the specific governance system; corporate bodies structure and control mechanisms. Now, let take a review of the independent variables in this study.

2.3.1 Board Size and likelihood of Financial Statement Fraud

By separating ownership from operational management, corporate governance systems provide a set of mechanisms to effectively monitor insider managers and solve agency problems. Alzoubi and Selamat (2012) claimed that boards of directors are significant catalysts because they are not only accountable for setting organizational objectives and strategies, but also for aligning them with shareholder interests. They also argue that boards of directors guarantee that the published financial statements are transparent and credible. This is consistent with the argument suggested by Fama and Jensen (1983) who indicated that boards of directors possess the ultimate power in decision making since they possess the highest level of control in any organization.

Jensen (1993) noted that when corporate boards grow beyond seven or eight employees, they are less likely to operate as a leadership curb. In line with this, Alzoubi and Selamat (2012) thought that lower boards are more efficient because they are simple to handle and managers can communicate effectively with each other whilst reducing potential misunderstandings. Larger boards are asserted to be less efficient owing to the need for greater coordination and process issues that may lead to less efficient surveillance tasks. Vafeas (2005) argued, however, that it is expected that too small and too large board sizes will be ineffective. This is based on the argument that a large board takes less responsibility and a small board exercises too much obligation. Several authors have use corporate governance variables in the cause of their research.

2.3.2 Institutional Ownership and likelihood of financial statement fraud

Institutional investors take different forms, including pension funds, mutual funds, companies, private equity companies, fund managers, banks, and trusts. It is a worldwide perspective that corporate governance participation of institutional investors is a supplementary mechanism for corporate governance. Institutional owners sometimes assume the function of corporate monitoring by ensuring managers ' adequate responsibility, fairness and transparency with respect to the quality of economic data they generate, which in the long run eliminates the probability of financial statement fraud (Alzoubi & Selamat, 2012). However, the information asymmetry between the managers of the organizations and the shareholders has led to an increase in the gap between what is expected by users and what is actually disclosed. This assertion has reduced the disclosure gap and restrains managers that engage in manipulative financial statement practices that could weaken the quality of financial disclosure (Uwuigbe et al. 2017).

2.3.3 Foreign Ownership and likelihood of financial statement fraud

Foreign and local investors are likely to invest in companies for which timely information is more easily available (Ahearne, Griever & Warnock 2000). Timely financial statements assist foreign ownership to preserve their investment by monitoring the management's performance and making efficient decision as soon as possible. Emphasizing on the important of foreign investors activism; Adebiyi and Olowookere (2016) emphasized the importance of timely financial information to the investors, foreign ownership also can perform their role actively and monitor management effectively by increasing pressure on them to release timely corporate reports including audited financial statement. An alternative perspective, however, suggests that foreign ownership of firm to have considerable economic incentives to provide timely financial statement void of financial manipulation misleading corporate reports (Burkurt & Panunzi, 2006). Extant empirical research documents reductions in dishonest activities with improvements in social capital, family structure, human capital, and monitoring activities (Tella & Weinschelbaum, 2008). This will lead us to review some other factors that are not corporate governance mechanism, but have the potentials that can help to understand the likelihood of financial statement fraud in an organization.

2.3.4 Board of Director Independence and likelihood of Financial Statement Fraud

For the accounting profession, the connection between the structure of the board of directors and the occurrence of financial statements fraud is essential to define a scenario where financial statements fraud is more likely to occur. These are enough to say that audited financial statements are to be prepared explicitly and submitted with sensible certainty that there will be no fraudulent interference. It is the duty of the board of directors to present an objective and autonomous decision on the performance of leadership; this is done with the awareness of their reputation (Ibadin & Toluwa, 2019; Maggina & Tsaklanganas, 2012). Furthermore, Sec 257(1) of CAMA 2004 provides the independence of director in the discharge of their duties so as to restore public confidence in the integrity of financial reporting and strengthen the corporate governance mechanisms. Siladi (2006) believed that autonomous managers need to work closely with the executive team to gain data and organizational expertise. Razali and Arshad (2014) stated that independent directors were sensitive to internal pressure from the executive, which in due course affected managers' autonomy in fulfilling their duties. Beasley (1996), Beasley, Carcello and Hermanson (1999); and Klein (2002) asserted that an organization's existence of autonomous managers would mitigate the danger of fraud in financial statements. Similarly, Uwuigbe et al. (2014) noted that the establishment of an autonomous board provides effective monitoring of management action.

2.3.5 Chief Executive Officer Dominance and likelihood of Financial Statement Fraud

Haleblian and Finkelstein (1993) described dominance' as an individual's ability to exercise their will. Chief executive Dominance may be a significant factor in procurement conduct as the CEO is typically the corporate elite's most strong member (Jensen & Zajac, 2004). Dominance is different from over trust. Overconfidence is a characteristic of personality and is therefore inherent to the person. Dominance is an objective fact of conduct in theory. It's one person's proven capacity to impose their will on others. Dominance therefore only has significance in a social or organizational context. Dominance may follow from overconfidence, but not all overconfident CEOs will be able to be dominant (Roodposhti & Chashmi, 2010). In a corporate context, the determination of their private compensation is a choice in which a dominant person is very likely to wish to exercise their dominance. Dispersed investor owners depend on skilled executives to make investment and payout choices, who rarely own more than a small fraction of the businesses they manage. A manager whose personal financial stake is unaffected by the value of the company it manages can act in ways that, while privately beneficial, lower the value of the claims of its investors (Omoye & Eriki, 2014). This ownership and control separation has long been acknowledged as the root of issues with corporate governance.

Because of this, most corporate governance practice highly indicates separating the positions of president of the board from the CEO. Corporate governance regulators acknowledge that as a source of excessive authority where the CEO dominates the board. The board chair's function is to oversee the CEO. The board chairman has the authority to regulate the agenda and manage the meetings of the board. CEO dominance becomes difficult when the CEO's interests differ from the shareholders ' interests. Ali and Zhang (2012) discovered that companies ' CEOs have more incentives to cope with income overestimation in the early years than in their later years of service.

2.4 Theoretical Review

Fraud has enjoyed robust base of theoretical underpinning as captured in the fraud triangle, and fraud diamond. The fundamental theory underlying corporate governance is theoretical illustration of corporate behavior as it is and how a long-term improvement in the efficiency and effectiveness of firms can be sustained. History has revealed that there is a never-ending evolution of theories (Abdullah & Valentine, 2009). On this note, the fundamental theories underpinning this study give in-depth understanding and appreciation of corporate governance as a crucial tool in organizational management. The theory of corporate behavior began with the agency theory, expanded into stewardship theory and stakeholder theory and evolved to resource dependency theory, transaction cost theory, political theory and ethics related theories such as business ethics theory, virtue ethics theory, feminists ethics theory, discourse theory and postmodernism ethics theory. However, these theories address the cause and effect of variables, such as the independent board of directors, audit committee financial expertise, nominating committee effectiveness and the efficiency of internal audit.

2.4.1 Information Asymmetry Theory

The variation in the level of information available to shareholders and managers of the firm is referred to as information asymmetry (Spence, 1973). Rothschild and Stiglitz (1976) noted that information asymmetry is regarded as a genesis point for manipulative and fraud behavior. Vladu and Matis (2010) identified that the difference in the level of information available to managers and shareholders has a major influence on the likelihood of fraudulent financial statement. From the study of Schipper (1989), information perspective or theory was identified as an important aspect underpinning the study of the creative accounting practices which give birth to financial statement fraud. Vladu and Matis (2010) argued that information asymmetry has the potential to explain the multiple incentives found on the financial market to manipulate accounting data and further to assess the consequence of such behavior.

Prior studies assert that information asymmetry is regarded as a genesis point for manipulative behavior (Mirrlees, 1971; Spence, 1973; Rothschild and Stiglitz, 1976). The argument is based on the belief that one side of the markets has better information than the other. For example, in the context of corporate governance, the accounting officers (such as, Accounts and Finance Director) and the board of the company are more informed than the shareholders and other users of accounting information about the content of the financial statement of the organization. Hence, this difference in the level of information may create room for the likelihood of financial statement fraud. Breton and Taffler (1995) argued further that managers may choose to exploit their privileged position for private gains by managing financial reporting disclosure in their own favor. The information perspective assumes that accounting disclosures have information content that possesses value to stakeholders in providing useful signals. It may be difficult or impossible for individual stakeholders to discern the fact and the effect of accounting manipulation, because of an insufficient personal skill, indifference or an unwillingness to engage in detailed analysis. Hence the need for corporate governance mechanism like audit committee financial expertise who will have financial knowledge base to understand the accounting manipulation in the financial statement and this will in turn reduce the likelihood of financial statement fraud in such an organization.

Although management research has shown that CEO compensation structure can influence malfeasance, empirical tests generally have assumed or ignored the necessary antecedent condition for such behavior information asymmetry. A result of the separation of ownership and control in the modern corporation, “insiders” such as top managers have considerably more knowledge and understanding about a firm’s operations than do outsiders such as shareholders (Seyhun, 1986, 1990). For example, top managers can directly observe and control resources while shareholders cannot (He & Wang, 2009). Moreover, managers can make changes in investment schemes, and only the most significant of these (certain acquisitions or dispositions) require the consent of shareholders.

2.4.2 Fraud Diamond Theory

The Fraud Diamond Theory was first presented by Wolfe and Hermanson in the CPA Journal in December 2004. It is viewed as an expanded version of the Fraud Triangle Theory. In this theory, an element named capability has been added to the three initial fraud components of the Fraud Triangle Theory. Wolfe and Hermanson (2004) argued that although perceived pressure might coexist with an opportunity and a rationalization, it is unlikely for fraud to take place unless the fourth element (i.e. capability) is also present. In other words, the potential perpetrator must have the skills and ability to commit fraud.

Wolfe and Hermanson (2004) maintained that opportunity opens the doorway to fraud, and incentive (i.e. pressure) and rationalization leads a person toward the door. However, capability enables the person to recognize the open doorway as an opportunity and to take advantage of it by walking through repeatedly.

Incentive

The incentive theory simply put is related to the pressure theory of fraud triangle, it is a situation whereby the fraudsters is confronted with a tight dilemma called pressure. Pressure can be internal or external. Lister (2007) opined that pressure is a significant factor to commit fraud. He determined three types of pressure which are personal, employment stress, and external pressure.

Opportunity

The initial factor to enable the fraudster to have the capability to commit fraud is the opportunity or position holding in an organization. In the study of Wolfe and Hermanson (2004) the position of an employee may contribute to his breach of the organisational trust. They further explain the findings of the analysis of public companies carried out by Beasley *et al.* in 1999 that over 70% of the fraud cases CEOs of those companies were found most of the fraud CEOs were implicated in over 70 percent of publicly company's accounting frauds.

Rationalization

The fraudster is someone who understands and is capable of exploiting internal control weaknesses and using the position; function or authorized access to the greatest advantage (Abdullahi and Mansor, 2015). Intelligent, experienced, creative people with a solid grasp of controls and vulnerabilities, commit many of today's largest frauds.

2.5 Empirical Review

Ferreira (2007) investigated the role of institutional investors around the world using data set of equity holdings from 27 countries. It was found that firms with higher ownership by foreign and independent institutions (unlike other institutions) have higher firm value, higher operating performance and lower capital expenditures and reduced risk of fraudulent financial statement. Management monitoring process of institutional ownership firms reduced the likelihood of financial statement fraud.

Han (2004) examined the effect of ownership structure on financial reporting quality. The research regarded ownership structure as ownership of managers and ownership of institutions. Study findings have shown that the quality of financial reporting is negatively associated with managerial property. Also, the study observed a positive relationship between outside institutional ownership and quality of financial reporting.

Mitra, Hossain and Deis (2007) found that diffused institutional ownership was significantly and positively related to audit fees of financial statement. The study linked their finding to either institutional investor demand for the purchase of high quality audit services as safeguard against fraudulent financial reporting or firms' endeavor to purchase high quality audits to attract institutional investment in common stock.

Adeyemi and Fagbemi (2010) found that percentage of ownership from institution is normally higher than individual investor. It is assumed that institutional investors have more influence than other individual investors. With the high portion of ownership, institutional ownership has the importance of monitoring role in the process auditing.

Abdullah's and Mansor (2015) found evidence of a positive and significant role of board independence on financial statement fraud and provides support that independent directors are effective control mechanisms in a firms' financial reporting process.

Alzoubi and Selamat (2012) found that audit committees' financial expertise increases their monitoring capability and in turn increases the likelihood of financial statement fraud. Lin, Li, and Yang (2006) also found no significant effect of audit committee financial expertise on the occurrence of earnings restatement.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter deals with an overview on the methods that will be employed in carrying out the research. It explains the research design, sources of data collection, population, sampling technique and sample size for the study, method of data analysis, model specification, and operationalisation of variables.

3.2 The Research Design

The longitudinal research design will be adopted in this study because data will be collected at a particular point in the sampled firms. The study covers a period of five (5) years (2016-2020). The study employed secondary source of data collection. Historical data will be source from the annual financial reports of accounts of sampled firms listed in the Nigeria Stock Exchange as at 2020 financial year end.

3.3 Population and Sampling Technique

A total of One hundred and seventy-six (176) firms listed in the Nigeria Stock Exchange as at 2020, constitute the population of the study (Fact book, 2020). The data filtering technique will be employed to select manufacturing companies out the aforementioned population. That is, the sample size for this study will be arrived at, by excluding the following firms: firms not listed in the exchange between 2016 and/or no longer listed as of 31st December, 2021; firms not providing consolidated financial statement; firms that did not close their financial statements on 31 December; to ensure homogeneity of the date of closure and relevant consistency with Nigerian Stock Exchange capitalization; firms that did not provide all necessary information for their analysis; and banks and insurance companies, as their financials are somewhat different from other sectors.

3.4 Source of Data

The study will basically employed secondary source of data. Historical data will be obtained from the annual financial reports of accounts of sampled firms listed in the Nigeria Stock Exchange as at 2020 financial year end.

3.5 Method of Data Analysis

This study will used the descriptive statistical to summarize and describe the data set without distortion and loss of necessary information. It consists of numerical techniques such as the means, standard deviation, range and frequency distribution. Also, the study will employed Ordinary least square (OLS) regression as the method of data analysis in order to estimate the models. Data collected and collated was estimated using the E-View 10 statistical software.

3.6 Model Specification

The model of Anichebe, Agbomah, and Agbagbara (2019) on the determinants of financial statement fraud likelihood, used Beneish to proxies' fraud and their model was stated as; $FRAUD_{it} = \beta_0 + \beta_1 BOARDS_{it} + \beta_2 AUDCOM_{it} + \beta_3 BODIND_{it} + \beta_4 BODFE_{it} + \beta_5 FSIZE_{it} + \beta_6 ROA_{it} + \mu$

Therefore, in this study the aforementioned model is adapted and modified by introduction of corporate governance variable that suit our objective. This will enabled us to determine fraud likelihood prediction in sampled firms. Therefore, our functional relationship variables' is stated as:

FRAUD = f (BDSZ, BLINST, BLFM, BLFO, BIND, AUDEXP, CEOD, μ) …..(1)

In econometric form, this express as:

$$FRAUD_{it} = \beta_0 + \beta_1 BDSZ_{it} + \beta_2 BLINST_{it} + \beta_3 BLFM_{it} + \beta_4 BLFO_{it} + \beta_5 BIND_{it} + \beta_6 AUDEXP_{it} + \beta_7 CEOD_{it} + \mu_{it} \quad \ldots\ldots \quad \ldots\ldots \quad \ldots\ldots \quad \ldots\ldots \quad (2)$$

Where;

FRAUD = Beneish M-score.

BDSZ = Board Size;

BLINST = Block Institutional Ownership;

BLFM = Block Family Ownership;

BLFO = Block Foreign Ownership;

BIND = Board of Directors Independence;

AUDEXP = Audit Committee Financial Expertise;

CEOD = CEO Dominance;

β_0 is the constant, β_1, β_2, β_3, β_3, β_5, β_6, are the coefficients of the explanatory variables for the model; μ is the error term that captures the stochastic variables in the model; i = is the collection of the firms; and t = is the time factor.

The Apriori expectations are stated as: $\beta_1>0$; $\beta_2>0$; $\beta_3>0$; $\beta_4>0$; $\beta_5>0$; $\beta_6>0$; >0.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

In this chapter, we perform the statistical analysis that forms the basis for the empirical evaluation of the study. Various models specified in the previous chapter are estimated and interpreted. This chapter begins by first carrying out preliminary tests to check for characteristics of the data set using statistical tests. This is followed by estimating the relationship between the dependent variables and independent variables.

4.2 Data Presentation

Data spanning (2016- 2020) were sourced from the annual audited reports of the sampled firms. The data set used for the study is presented in the appendix.

4.3 Data Analysis

Various statistical tests conducted to ascertain the characteristics are presented hereunder. Similarly, empirical test is also conducted and presented under this section.

4.3.1 Descriptive Statistics

Summary statistics is an important procedure to be carried out before any formal estimation can be made. This study tests for the normality of data set used for the study. The descriptive statistics are employed to determine if the data set forms a normal distribution curve. The standard deviations, skewness, kurtosis and JarqueBera give a quick overview of the normality of the data set. The result is presented in table 4.3.1 below

Table 4.3.1 Descriptive Statistics

Variables	Mean	Std.Dev	Maximum	Minimum	Skewness	Kurtosis	P-value (JaqueBera)
Fraud	2.47	5.9	7.7	-9.34	11.07	23.75	0.00
CEOD	4.27	11.05	64.16	0.00	3.63	17.11	0.00
BDSZ	9.87	2.82	18.00	4.00	0.83	3.89	0.00
BLINST	51.09	27.40	97.79	0.00	-0.32	2.07	0.00
BLFO	15.33	26.95	83.81	0.00	1.41	3.36	0.00
BLFM	10.79	24.37	85.80	0.00	2.04	5.60	0.00
BIND	0.64	0.09	0.88	0.33	-0.25	3.44	0.30
AUDEXP	0.48	0.04	0.60	0.33	-1.34	5.68	0.00
Observation	126	126	126	126	126	126	126

Source: Authors computation from E-views 10 output

The descriptive statistics is presented in table 4.3.1 above. Specifically the findings revealed that on the average, firms sampled for this study are fraudulent as indicated by the very high measure of fraud (2.47). However, a large variation is observed indicating that the extent of fraudulent practice largely varied between the sampled firms. Findings also indicated that the maximum fraud (M-score) was 7.7 and the minimum recorded was -9.34. Result findings showed that on the average, CEO's were not dominant as indicated by the mean value recorded (4.27). However, it is also observed that some firms had dominant CEO's while others had non-dominating CEO's. The standard deviation showed that the extent of CEO domination varied largely among the sampled firms. It was observed that the board size (BDSZ) was 9.8 on the average, with some board having up to 18 members while others had as low as 4 members. The standard deviation indicates that there was some variation in the board size of sampled firms.

Block Institutional Ownership (BLINST) is found to be 51.09 on the average with a standard deviation of 27.4 an indication that the BLINST varied largely between the sampled firms. The maximum value of BLINST is observed to be 97.7 while the minimum value is 0.00 indicative that some firms had no BLINST. Block Family Ownership (BLFM) is observed to be averaged at 10.79 with a maximum value of 85.80 and a minimum of 0.00. The standard deviation shows that there was a huge variation in the family ownership structure of the firms. Block foreign ownership (BLFO) is observed to have a mean of 15.33 with a maximum value and minimum value of 83.81 and 0.00 respectively. The standard deviation shows a great variation between the foreign ownership of the sampled firms. Board Independence (BIND) is observed to be 0.64 on the average suggesting that the board of sampled firms were to a large extent independent. The maximum and minimum values are observed to be 0.88 and 0.33 respectively. Audit Committee expertise (AUDEXP) is observed to be averaged at 0.48. This indicates that on the average, almost half of the audit committee has either an accounting or financial knowledge. The maximum and minimum values are 0.60 and 0.33 respectively.

On the distribution of the data set, the skewness measures the asymmetry of the data set while the kurtosis measures the peakedness/flatness of the distribution. Particularly, findings reveal that CEOD, BDSZ, BLINST, BLFO and BLFM are all positively skewed while BLINST, BIND and AUDEXP are negatively skewed. All series are observed to have positive kurtosis indicating that the variables are leptokurtic in behavior and are heavily tailed with sharp peak curve. On normality, the Jaque Berra test suggests that all variables except BIND are not normally distributed as they fail to pass the normality test. The null hypothesis of 'normal distribution' was rejected by all series except BIND which was observed to be normal in its distribution.

4.3.2 Regression Analysis

In this section, the equations specified in the previous chapter are presented and analyzed. The aim is to establish the importance of the equations, relevance of individual coefficients as well as the usefulness of the equations for hypotheses testing. Diagnostic test outcomes (R-squared, adjusted R-squared, D.Watson) would be reported before proceeding to provide meanings to individual relationship between variables. The panel least square is employed to analyze the equations specified in previous chapter.

Table 4.3.2 Regression Summary

Variable	Beta Coefficient	t-statistic	P.value
CEOD	0.52	0.67	0.49
BDSZ	1.22	0.31	0.75
BLINST	-0.37	-0.33	0.73
BLFO	-0.55	-0.28	0.77
BLFM	-3497.64	-305.75	0.00
BIND	-323.43	-3.71	0.00
AUDEXP	-300.20	-3.92	0.00
C	37862.41	243.34	0.00
R.Square	0.99		
Ajusted.R.square	0.99		
D-Watson	2.0		
F.stat	3764.95		
Prob(f-stat)	0.00		

Source: Authors computation from E-views 10 output

The regression summary above captures the relationship between corporate governance and likelihood of fraud among listed firms in Nigeria. The estimation output appears robust and fit for policy formulation as indicated by the diagnostics results. The coefficient of determination which is measured as R-square is found to be 0.99 indicating a very high explanatory power of the model. The result thus shows that the independent variables explain 99% variations in the dependent variable (FRAUD). The adjusted R-square measures the explanatory power of the model after adjusting for the degree of freedom. The F-statistics shows that there is a linear relationship between the dependent variable and independent variable and the model overall is significant. The F.stat is reported to be 3764 and its p-value within acceptable level of significance (0.00), therefore the relationship between variables can be considered to be linear. Diagnostic results also indicate the absence of autocorrelation in the model as indicated by the D.Watson statistics of 2.01 which fall within acceptable range.

Interesting transmission pattern is observed between corporate governance variables and likelihood of financial statement fraud. Particularly, CEO dominance (CEOD) is observed to be positive thus indicating a positive relationship between CEOD and FRAUD. A unit change in CEOD will lead to an innovation in FRAUD by 0.52. However, this relationship is observed to be statistically insignificant as indicted by the p-value > 0.05. The coefficient of board size (BDSZ) is observed to be positive. This signifies that an increase in BDSZ will lead corresponding increase in FRAUD. Specifically, a one unit increase in BDSZ will lead to an increase in FRAUD likelihood by 1.22. However, the p-value is observed to be greater than the 5% level indicating that the relationship is not significant.

Block institutional ownership (BLINST) is found to be negative thus evidencing an inverse relationship between BLINST and FRAUD likelihood. A change in BLINST by one unit will lead to a corresponding change in FRAUD by -0.37. Therefore, an increase in BLINST will lead to a reduction in FRAUD likelihood. This relationship is however not significant at the any level of significance given its p-value is greater than 0.05. Block foreign ownership (BLFO) is observed to be negative in the regression. This suggests that increasing BLFO will negatively reinforce FRAUD likelihood. A change in BLFO will reduce FRAUD likelihood by the value of its coefficient (-0.55). However, this relationship is also observed to be insignificant at the 1% and 5% levels.

The coefficient of BLFM is observed to be negative signifying an inverse relationship between BLFM and FRAUD likelihood. The coefficient of BLFM is -3497 suggesting that a change BLFM will lead to a change in FRAUD likelihood by the value of BLFM. The relationship between BLFM and FRAUD likelihood is observed to be significant at the 1% level given that is p-value is lower than 0.01. Board Independence (BIND) is found to be negative in the regression output. Increased board independence will negatively reinforce FRAUD likelihood. Changes in board independence will cause a change in FRAUD likelihood by -323.43. This relationship is found to be significant at the 1% level since it is below 0.01. Finally, AUDEXP is observed to be negative signifying that AUDEXP causes disequilibrium in FRAUD likelihood. A unit change in AUDEXP will translate into a change in FRAUD likelihood by -300.20. Increased AUDEXP will further cushion FRAUD likelihood by the value of its coefficient. This relationship is observed to be significant at the 1% level given that its p-value is lower than 0.01.

4.4 Hypothesis Testing

The hypotheses of this study are tested using the significance of the coefficients presented in table 4.3.2. The hypotheses are tested using the significance of coefficients estimated in the regression output in Tables 4.3.2 while focusing on the significance levels and signs of the relevant coefficients.

Hypothesis One: *Board size does not affect the likelihood of financial statement fraud.*

In testing this hypothesis, we focus on the significance of the coefficient of board size in the Tables 4.3.2. In the result, the coefficient is not significant at the 1% or 5% level. Thus, the null hypothesis cannot be rejected, showing that there is no significant relationship between board size and financial statement fraud.

Hypothesis Two: *Institution ownership structure has no significant relationship with the likelihood of financial statement fraud.*

The coefficient of institutional ownership structure is found to be negative and not significant at any level. This indicates that we cannot reject the null hypothesis. Therefore, one can correctly conclude that there is no significant relationship between institutional ownership structure and the likelihood of financial statement fraud in Nigeria.

Hypothesis Three: *Foreign ownership structure does not have a significant effect on the likelihood of financial statement fraud.*

From the results of the estimates presented in Table 4.3.2, the coefficient of foreign ownership structure did not pass the significance test in the estimation at any given levels since the associated probabilities is greater than 0.05. Based on this result, the null hypothesis cannot be rejected in this case and an insignificant impact is demonstrated from foreign ownership to the likelihood of financial statement fraud.

Hypothesis Four: *Board of director independence has no significant effect on the likelihood of financial statement fraud.*

From the results of the OLS estimates, the coefficient of board of director independence passed the significance test in the estimation since the associated probabilities with the individual t-values are lesser than 0.05. Based on this result, the null hypothesis was rejected in this case and a significant impact is demonstrated from board independence to likelihood of financial statement fraud.

Hypothesis Five: *CEO dominance has no significant impact on the likelihood of financial statement fraud.*

From the results of the estimates presented in Table 4.3.2, the coefficient of CEO dominance did not pass the significance test in the estimation at any given levels since the associated probabilities is greater than 0.05. Based on this result, the null hypothesis cannot be rejected in this case and an insignificant impact is demonstrated from CEO dominance to the likelihood of financial statement fraud.

4.5 Discussion of Finding and Policy Implication

The study was conducted to investigate the impact of corporate governance on the likelihood of financial statement fraud (FSF) among listed firms in Nigeria. The findings from this study have been robust and fitting for policy formulation. Specifically, CEO dominance was found to have both a negative correlation and impact on FSF. The implication of this is that firms with more dominant CEO's (CEO's with high shareholding) are more likely to be involved in FSF. The reason being that considering that CEO’s has large shares in the firm, they may want to protect the firm’s stock value by manipulating financial report so as to increase earnings and hence share price. However, institutions with less dominant CEO (Low shareholding), will be less likely to manipulate financial report since they have little stock in the firm. This relationship was however found to be insignificant at any level of significance. This study follows apriori and is in tandem with the submission of Roodposhti and Chashmi (2010) whose study found a positive relationship between CEO dominance and earnings management.

Findings showed that Board size is positively related to FSF during the period of study. The implication of this is that larger board size increases the likelihood of FSF. Large board size leads to bureaucracy which makes the board less effective in monitoring and controlling managers thus leading to higher likelihood of FSF. Similarly, smaller board size enhances efficiency therefore making financial malpractices more difficult as a result of stringent monitoring and control. However, this relationship was found to be statistically insignificant. This finding is in tandem with *apriori* and is in line with the submission of Vafeas (2005) and Alzoubi & Selamat (2012) whose studies found a positive relationship between board size and financial statement fraud.

Institutional ownership was found to be negative indicating an inverse relationship between them. The implication of this is that higher institutional ownership leads to lesser likelihood of FSF. Institutions will want better transparency considering that they have large funds invested and will therefore increase monitoring and control so as to ensure the quality of economic data they generate are substantive which in the long run eliminates the probability of financial statement fraud. However, this study was found to be insignificant at any level. This finding is in line with *apriori* and follows the study findings of Uwuigbe *et al.* (2017) whose study found a positive relationship between institutional ownership and financial statement fraud.

Foreign ownership was found to have a negative relationship with FSF. This implies that increased foreign ownership will reduce the likelihood of FSF. Following the agency theory, foreign ownership will minimize agency conflict by aligning their interest since block foreign ownership closely monitors the behavior of managers and control their activities to improvise performance. Again, foreign firms have a better information system to meet internal needs as well as more substantial requests. This will therefore make local firms with foreign ownership to commit less FSF as foreign investors will demand management to be transparent in financial reporting. This finding negates *apriori* and is in tandem with the submission of Adebiyi and Olowookere (2016) whose study found a negative relationship between foreign ownership and financial statement fraud.

Findings showed that more Independent Boards reduce the likelihood of financial statement fraud. More independent boards are better able to give fair and non-misleading financial reports. The finding suggests that boards with lesser executive directors will always ensure that the financial statement is devoid of malpractices and earnings manipulations so as to enhance the firm's reputation and boost investor's confidence. This result was found to be significant at the 1% level. This result is in tandem with *apriori* and follows the submission of Ibadin and Toluwa

(2019) whose study found a negative relationship between board independence and financial statement fraud.

Lastly, audit committee expertise is found to reduce the likelihood of financial statement fraud. When the audit committee has better financial expertise, the likelihood of committing fraud reduces as the committee are better able detect fraudulent reports with their accounting or financial knowledge. This result follows *apriori*and follows the documentation of Okpara (2000) and Oyeka, Iyoha and Asaolu (2015) whose studies found a negative relationship between audit committee expertise and financial statement fraud.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter considers the summary of the entire work, draws the final conclusion, makes recommendations, presents contributions to knowledge and suggests areas for further study.

5.2 Summary

This study was undertaken to access the impact of corporate governance variables on the likelihood of financial statement fraud among selected listed firms in Nigeria. The high incidence of fraud and financial malpractices in the Nigeria and the new corporate governance code enacted in 2014 necessitated the need to examine how corporate governance influences the likelihood of financial statement fraud. Time series data spanning 2016-2020 was sourced from the various audited reports of firms and analyzed using the panel least square technique. Prior statistical conducted included the descriptive statistics and correlation analysis to investigate the background properties of the variables. Result findings were found to be robust to both specifications and manipulations. In general, corporate governance was observed to have influenced the likelihood of financial statement fraud in Nigeria banks. Specific findings are that;

1. CEO dominance has a negative insignificant relationship with the likelihood of financial statement fraud of selected listed firms in Nigeria.

2. Board size has an insignificant positive relationship with the likelihood of financial statement fraud of selected listed firms in Nigeria.
3. Institutional ownership has an inverse relationship with the likelihood of financial statement fraud of selected listed firms in Nigeria. However, the relationship was not significant
4. Foreign ownership was found to have a negative and insignificant relationship with the likelihood of financial statement fraud of selected listed firms in Nigeria.
5. Board independence was found have a negative and significant relationship with the likelihood of financial statement fraud of selected listed firms in Nigeria.

5.3 Conclusion

This study was conducted to x-ray the relationship between selected corporate governance mechanisms on financial statement fraud among listed firms in Nigeria for the period 2016-2020. Empirical findings revealed that only board independence and audit committee expertise has a significant impact on the likelihood of financial statement fraud. Premise on the research findings, this study therefore concludes that of the corporate governance variables considered; only board independence and audit committee expertise has a significant impact on the likelihood of financial statement fraud.

5.4 Recommendations

The results from empirical analysis provide strong background and implications so as to allow for certain policy and practical recommendations for economist and policy makers. Some recommendations are keenly articulated below;

1. CEO dominance was found to have a negative relationship with likelihood of financial statement fraud. This study therefore recommends that CEO's of firms should be encouraged to have substantial amount of company shares. Doing this will spur the CEO to carryout strict monitoring so as to ensure transparency among managers.
2. Board size was found to be positively related with likelihood of financial statement fraud. This study therefore recommends that the board be cut to size to reflect the size and operations of the firm. Therefore smaller firms should have smaller boards while larger firms can have boards that meet the exact operations of the firm. This is necessary to cut bureaucracy that can result from larger board size.
3. Institutional ownership was found to be negatively related with the likelihood of fraud. This study recommends that institutions be allowed to own certain percentage of company stock so as to allow for more monitoring and transparency.
4. This study recommends that firms should have at least some foreign ownership so that they can benefit from better financial reporting as obtainable in other parts of the world

5. It is recommended that the recruitment of audit committees be based on their financial expertise and experience. This is because; financial expertise helps the auditors spot financial statement fraud right on time. Firms can also employ the skills of third party auditors to analyze and critic financial statements of the firm.

5.5 Contribution to Knowledge

The study contributes to knowledge as it ascertains the impact of corporate governance on the likelihood of financial statement fraud among selected listed firms in Nigeria. It further contributes to the literature by using a panel regression technique to capture the relationship. This study updates the empirical literature by using current data up to 2020 to validate the relationship between corporate governance and likelihood of financial statement fraud.

5.6 Suggestion for Further Studies

While this study has been succinct in x-raying the relationship between corporate governance and likelihood of financial statement fraud, future studies can include other corporate governance variables that can affect financial statement fraud. Factors like CEO risk tolerance, CEO overconfidence should be considered in future studies. Secondly, other advanced form of econometric techniques should be used. These techniques include the use of Generalized Method of Moments (GMM), Panel Vector Error Correction Mechanism (P-VECM) and other dynamic models.

References

Abdullahi, R. & Mansor, N. (2015). Fraud triangle theory and fraud diamond theory. Understanding the convergent and divergent of future research. *International Journal of Academic Research in Accounting, Finance and Management Sciences.5*(4), 38–45.

Abbott L.J., Parker S., & Peters G. F. (2002), Audit committee characteristics and financial Misstatement: A study of the efficacy of certain blue ribbon committee Recommendation, March, Paper Ssrn, Http://Papers.Ssrn.Com.

Abiola, I., & Oyewole, A. T. (2013). Internal control system on fraud detection.Nigeria experience. *Journal of Accounting and Finance*, *13*(5), 23-54.

Adams, R., H. Almeida & D. Ferreira, D., (2009). Understanding the relationship between founder-CEOs and firm performance.*Journal of Empirical Finance*,16(a1), 136-150.

Adeyemi, S. B. & Fagbemi, T. O. (2010).Audit quality, corporate governance and firm characteristics in Nigeria. *International Journal of Business and Management*, *5*(5), 169-179.

Ahunwan, B. (2002). Corporate governance in Nigeria. *Journal of Business Ethics, 37*(3), 269-287

Akeju, B. (2017). Corporate governance and financial reporting quality in Nigeria. *International Journal of Information Research and Review 4*(2), 3749-3753.

Alaryan, L. (2015). The relationship between board characteristics and manipulation in financial statement in Jordan. 4(8), 206-210

Ali, A., Chen, T.Y., & Radhakrishnan, S. (2007). Corporate disclosures by family firms. *Journal of Accounting and Economics*, *44*(1), 238–286.

Altman, E. (1968). Financial ratios: Discriminant analysis and the prediction of corporate bankruptcy. *The Journal of Finance 23*(4), 589–609.

Alzoubi, E. S. & Selamat, M. H. (2012). The effectiveness of corporate governance mechanisms on constraining earning management: literature review and proposed framework. *International Journal of Global Business, 5*(1), 17-35.

Anichebe, A. S., Agbomah, D. J. & Agbagbara, E. O. (20019). Determinant of financial statement fraud likelihood in listed firms. *Journal of Accounting and Financial Management*, *5*(2), 14-25.

Amara, Amar, & Jarboui (2013). Detection of fraudulent financial statement: French companies as a case study. *International Journal of Academic Research and Financial Management 3*(2), 2567-2601.

Amran, N. A. & Che-Ahmad, A. (2011).Board mechanisms and Malaysian family companies' performance. *Asian Journal of Accounting and Governance, 2,* 15-26.

Anderson, R. C., Mansi, S. A. & Reeb, D. M. (2004). Board characteristics, accounting report integrity, and the cost of debt. *Journal of Accounting and Economics, 37*(1), 315-342.

Ararat, M. & Orbay, H. (2006).*Corporate Governance in Turkey: Implications for investments and growth*. Background Paper for Turkey's Investment Climate Assessment 2006.

Aris A.N., Othman R., Arif S. M., Malek M. A., & Omar, N. (2013).Fraud detection: Benford's law vs Beneish model. Symposium on Humanities Science and Engineering Research

Arjoon, S. (2005). Corporate governance: An ethical perspective. *Journal of Business Ethics*, *61*(4), 343-352.Retrieved from http://www.jstor.org/stable/25123630

Association of Certified Fraud Examiner (ACFE) (2012). Report to the nations on occupational fraud and abuse Austin, TX: Association of Certified Fraud Examiners.

Alzoubi, E. S. S. & Selamat, M. H. (2012). The effectiveness of corporate governance mechanisms on constraining earning management: Literature review and proposed framework. *International Journal of Global Business*, *5*(1), 17-35.

Badolato P.G., Donelson D.C &Ege M. (2014) Audit Committee Financial Expertise and Earnings Management.The Role of Status.*Journal of Accounting and Economics*58(1) 208-230.

Beneish, M.D. (1999). The Detection of earning manipulation, *Financial Analyst Journal,* 5(5), 24-36.

Beneish, M. D., Lee, C. M. & Nichols, D. C. (2011). To Catch a Theif: Can forensic accounting help predict stock returns? Also available at http://ssrn.com/abstract=19035932013 IEEE Symposium on Humanities, Science and Engineering Research (SHUSER)

Beasley, M., Carcello, J. & Hermanson, R. (1999).Fraudulent Financial Reporting-An Analysis of U.S. Public Companies. This project was commissioned by the

Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Beneish, M.D. & Nichols, D. C. (2009). Identifying Overvalued Equity, *Johnson School Research Paper Series* 09.

Beasley, M. S., Carcello J.V., Hermanson, D. R. & Neal, T. L. (2009). The audit committee oversight process. *Contemporary Accounting Research*, *26*(1), 65-122.

Beasley, M. S., Carcello, J.V., Hermanson, D.R., & Neal, T. L. (2010), Fraudulent financial reporting. An Analysis of U.S. Public Companies, Committee Of Sponsoring Organizations of The Treadway Commission, May.

Beasley, M. (1996).An empirical analysis of the relation between the board of director composition and financial statement fraud. *The Accounting Review, 71*(4), 443-465.

Bologna, G.J. & Lindquist, R. J. (1987).*Fraud auditing and forensic accounting: New Tools and Techniques.* Hoboken, New Jervey: Wiley.

Breton, G. & Taffler, R. J. (1995).Creative accounting and investment analyst response.*Accounting and Business Research*, *25*(8), 81-92.

Brickell, D. (2011). *The Beneish M-Score: Identifying Earnings Manipulations and Short Candidates*. Retrieved 08 03, 2012, from Stock Analyst: Beneish-M-score-identifying earnings-manipulation-and-short candidates.

Chen, K. Y. & Elder, R. J. (2007). Fraud Risk Factors and the Likelihood of Fraudulent Financial Reporting: Evidence from Statement on Auditing Standards No. 43 in Taiwan, Working paper.

Cressey, D. R. (1953).Other People's Money. Montclair, NJ: Patterson Smith, 1-300

Choi, J., Jeon, K. & Park.J. (2004). The role of audit committee in decreasing earnings management: Korean evidence. *International Journal of Accounting, Auditing and Performance Evaluation, 1*(1), 37-60.

Da Costa, F. M.., Lopes, A. B., & Costa, A. C. D. O. (2006). Conservadorismoemcincopaíses da AméricadoSul. *R. Cont. Fin. – USP, São Paulo*, *17*(41), 7–20.

Dabor, E. L. & Adeyemi, S. B. (2011). Corporate governance and the credibility of financial statement. *Journal of Business Systems, Governance and Ethics. 4*(1), 32-42.

Dabor, E. L. & Tijjani, B. (2010).The impact of earnings management and corporate governance on firm performance. *Bayero International Journal of Accounting Research, 4(10), 43-65.*

Dechow P.M., Sloan R. G. & Sweeney, A. P. (1996). Causes and consequences of earnings manipulation: an analysis of firms subject to enforcement actions by the sec. *Contemporary Accounting Research*, 13(1), 1- 36.

DeFond, M.L., & Jiambalvo J., (1994). Debt covenant violation and manipulation of accruals.*Journal of Accounting and Economics*, 17, 145-176.

Dhaliwal, D., Naiker, V. & Navissi, F. (2007).Audit committee financial expertise, corporate governance, and accruals quality: An empirical analysis. Working Paper, retrieved fromhttp://www.ssrn.comon 21/06/2017

Duke, J. & Kankpang, K. A. (2012), Effect of fraud risk reduction strategy on the level of employee fraud in Nigeria public service organization. *Journal of Management Sciences*, *4*(30), 2029-6932

Duffield, G., &Grabosky, P. (2001).*The Psychology of Fraud.* Canberra: Australian Institute of Criminology

Effiok, S. O., Ojong, C. M. & Usang, U. O. (2012).The implication of Occupational fraud and financial abuse on the performance of companies in Nigeria. *Interdisciplinary Journal of contemporary Research in Business*.*4*(7)

Fama, E., & Jensen, M. (1983).Separation of ownership and control, *Journal of Law and Economics*, *26*(1), 20-25.

Fauzi, H., Mahoney, L. & Rahman, A. (2007). Institutional ownership and corporate social practices, evidence from Indonesian companies. *Issues in Social and Environmental Accounting* 1, 334-347.

Felo, A. & Solieri, S. A. (2009). Are all audit committee financial expert created equally? *International Journal of Disclosure and Governance, 6*(2), 150-166.

Gnyana, R. B. (2015). Prediction of financial distress using Altman Z-Score: a study of select FMCG companies. *Indian Journal of Applied Research,5*(9), 2249-5559.

Greenbury, S. R. (1995). *Directors' remuneration,* London: Gee & Co. Ltd.

Hampel, S. R. (1998). *Committee on corporate governance: Final report.* London: Gee & Co.Ltd.

Han S., (2004) Ownership structure and quality of financial reporting. University of Illinois, USA.

Hamilton, D. I. & Gabriel, J. M. O. (2012). Dimensions of fraud in Nigeria quoted firms. *American Journal of Social Management Sciences, 3*(3), 112-120.

Harrington, C. (2005). Analysis ratios for detecting financial statement fraud, *Fraud Magazine March/April* 2005.

Hermawan, A. A. (2011). The influence of effective board of commissioners and audit committee on the informativeness of earnings: Evidence from Indonesian listed firms. *Asia Pacific Journal of Accounting and Finance, 2*(1), 1-37.

Ibadin, P. O., Ohidoa, T., & Ohidoa, E. (2019). Forensic auditing and employee fraud: a conceptual evaluation. Uniben Journal of Accounting (UBJA), 3(2), 97-110.

Jameson, M., Prevost, A., & Puthenpurackal, J. (2014).Controlling shareholders, boardstructure, and firm performance: Evidence from India.*Journal of CorporateFinance*, *27,* 1–20. doi: 10.1016/j.jcorpfin.2014.04.003.

Jaggi, B. & Leung S. (2007). Impact of family dominance on monitoring of earnings management by audit committees: evidence from Hong Kong. *Journal of International Accounting, Auditing and Taxation, 16*(2), 27-50.

Joost, I. (2010). Earnings manipulation and bankruptcy: WorldCom. Third version, Bachelor paper, BetzabethIgnacius 5754992.

Jensen, M. & Meckling, W. (1976). Theory of the firm: managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 305-360.

Jensen, M. (1993). Modern industrial revolution, exit and the failure of internal control system. *Journal of Finance,* 48(3), 83 1-880.

Kajola, S. (2008). Corporate governance and firm performance: The case of Nigerian listed firms. *European Journal of Economic, Finance and Administrative Sciences* 16-28.

Kaplan, S. & Holmstrom, B. (2004). *The State of U.S. Corporate Governance,* Joint Center & University Of Chicago, January 2004.

Kehinde, J. (2015). Asset protection and financial statement fraud: The Audit and management function in Nigeria business organization. *Journal of Policy and Development Studies.9*(3), *157-9385*

Kula, V. (2005). The impact of the roles, structure and process of boards on firm performance: evidence from Turkey. *Corporate Governance,*13(2).

Leng, A. C. (2004). The impact of corporate governance practices on firm's financial performance: Evidence from Malaysian companies. *ASEAN Economic Bulletin, 21*(3), 308-318.

Levine, R. & Y. Rubinstein, (2014). Smart and Illicit: Who Becomes an Entrepreneur and Does itPay? Working Paper UC Berkeley.

Lin J., Li, J. & Yang, J. (2006).The effect of audit committee performance on earnings quality, *Managerial Auditing Journal*, *21*(9), 921- 933.

Manurung, D. T. H., & Hadian, N. (2013).Detection fraud of financial statement with fraud triangle.proceedings of the 23rd *International Business Research Conference*, 18-20.

MenonK. & Williams, J. D. (1994). The use of audit committee for monitoring, *Journal of Accounting and Public Policy*, spring, 13, 121- 139.

Mehta U., Patel A., Patel H., &Purohit R. (2012). Detection of Fraudulent Financial Statement in India: An Exploratory Study. *International Conference on Enterprise Systems & Accounting (ICESA 2005)*, GFMJR

Mustapha, S. T. & Youssef, N. B. (2010). Audit committee financial expertise and misappropriation of asset.*Managerial Auditing Journal*, *25*(3) 208-225.

Nashwa G., (2012). Corporate governance and Financial statements Fraud; the Effect of Corporate Governance on Financial Fraud Point of View

New Code of Corporate Governance (CCG) (2011). Abuja: Securities and Exchange Commission.
Nigerian Code of Corporate Governance (2018). http://nambnigeria.org

Normah, O., Ridzuan, K. K., Zuraidah, M. S., &Nur, A. S. (2014). Financial Statement Fraud: A Case Examination Using Beneish Model and Ratio Analysis. *International Journal of Trade, Economics and Finance,5*(2)

Organization for Economic Co-operation and Development (OECD) (1999).OECD *Principles of Corporate Governance*. Paris. http://www.encycogov.com/. Accessed on 28/12/2012

Okaro, S. C., Okafor, G. O., &Ofoegbu, G. (2013). Corporate fraud in Nigeria- A two case study. *International Journal of Research in Management,6*(3),2249-5908.

Ogbechie, C. I. (2012). *Key Determinants of Effective Boards of Directors - Evidence from Nigeria*. Ph.D. Thesis, Brunel University.

Ogoun, S., &Obara, L. C. (2013).Curbing occupational and financial reporting fraud-an alternative paradigm. *International Journal of Business and Social Science,* 4(9).

Ojeka S., Iyoha, S. & Asaolu, T. (2015).Audit committee financial expertise: Antidote for financial Reporting Quality in Nigeria. *Journal of social science, 6*(1), 5-10.

Onza, G. &Lamboglia, R. (2014). The Relation between the Corporate Governance Characteristics and Financial Statement Frauds: An Empirical Analysis of Italian Listed Companies.

Park, Y. W. & Shin H. (2004).Board composition and earnings management in Canada. *Journal of Corporate Finance 10*(1), 431-457.

Razali, W. A. A., &Arshad, R. (2014).Disclosure of corporate governance structure and the likelihood of fraudulent financial reporting.*Procedia - Social and Behavioral Sciences, 145*(1), 243–253.

Rezaee, Z. & Riley, R. (2010) Financial statement fraud; prevention and detection. John Wiley and Son inc.

Roodposhti, F. R. & Chashmi, F. A. N. (2011).The impact of corporate governance mechanisms on earnings management. *African Journal of Business Management*, *5*(11),4143

Roodposhti, F. R., & Chashmi, F. A. N. (2010). The effect of board composition andownership concentration on earningsmanagement: Evidence from IRAN.*International Journal of Economics and Management Engineering4*(6)

Saleh, N. M., Iskandar, T. M. & Rahmat, M. M. (2005). Earnings management and board characteristics: Evidence from Malaysia. *Journal Pengurusan, 24*(4), 77-103.

Salam, M. O. (2013), Advances in management. *Journal of Department of Business Administration, University of Ilorin, Ilorin, Nigeria. 11(1)*

Smith, T. R. (2004). Low self-control, staged opportunity, and subsequent fraudulent behavior. *Criminal Justice and Behavior,31*(5), 542-563. doi:10.1177/0093854804267092.

Stepanyan, A. (2014). Altman's Z-Score in the airline business, case study of major U.S. carriers; are they potential bankruptcy candidates? *International Journal* *of Advances in Management and Economics,3*(1),116–24. Available online at: www.managementjournal.info

Sweeney, A. (1994). Debt-covenant violations and managers accounting responses. *Journal of Accounting and Economics,2*(3), 281-308.

Uwuigbe, M., Fagbemi, O. & Favour, M. (2012). The effect of Audit Committee and Ownership Structure on Income Smoothing in Nigeria: A study of listed Banks. *Research Journal of Finance and Accounting. 3(4),222-247*

Uwuigbe, M., Peter, W. & Oyeniyi, A. (2014). The effect of Corporate Governance mechanisms on earnings management in listed firms in Nigeria. *Accounting and Management Information System 13(1);159-174*

Vafeas, N. (2005). The nature of board nominating committees and their role in corporategovernance.*Journal of Business Finance & Accounting, 26*(1).199-225.

Wells, P. (2002), "Earnings management surrounding CEO changes". *Accounting and Finance*, 42:169-193.

Wilks, T. J. & Zimbelman, M. F. (2004). Decomposition of fraud-risk assessments and auditors' sensitivity to fraud cues. *Contemporary Accounting Research*, *21*(3), 719-745.

Wolfe, D. & Hermanson, D. R. (2004).The fraud diamond; considering four elements of fraud.*The CPA Journal*, *74*(12), 38-42.

Wiedman, C. I. (1999). Instructional case; detecting earning manipulation, *Accounting Education February*1999, *14*(1), 145-176.

Xie, B., Davidson III, W.N. &DaDalt, P. J. (2003). Earnings management and corporate governance: the role of the board and the audit committee. *Journal of Corporate Finance*, *9*(3), 295-316.

Zhou, J. (2007). Audit committee, board characteristics, and auditor switch decisions by Andersen's clients. *Contemporary Accounting Research 24*(4), 1085-1117.

Appendix I

Descriptive Statistics

	FRAUD	CEOD	BDSZ	BLINST	BLFO	BLFM	BIND	AUDEXP
Mean	162.4731	4.274548	9.873016	51.09640	15.33396	10.79612	0.642440	0.486270
Median	-2.573149	0.030000	10.00000	55.16000	0.000000	0.000000	0.636364	0.500000
Maximum	19706.72	64.16200	18.00000	97.79000	83.81000	85.80400	0.888889	0.600000
Minimum	-9.340988	0.000000	4.000000	0.000000	0.000000	0.000000	0.333333	0.330000
Std. Dev.	1755.956	11.05748	2.828382	27.40097	26.95496	24.37886	0.099959	0.048195
Skewness	11.07408	3.636545	0.832502	-0.327940	1.418314	2.041987	-0.253927	-1.345371
Kurtosis	123.7576	17.11554	3.890173	2.074242	3.361952	5.608950	3.447212	5.681967
Jarque-Bera	79132.98	1323.768	18.71441	6.757842	42.93170	123.2987	2.404047	75.77345
Probability	0.000000	0.000000	0.000086	0.034084	0.000000	0.000000	0.300585	0.000000
Sum	20471.61	538.5930	1244.000	6438.146	1932.079	1360.311	80.94747	61.27000
Sum Sq. Dev.	3.85E+08	15283.49	999.9683	93851.64	90821.26	74291.08	1.248968	0.290347
Observations	126	126	126	126	126	126	126	126

Appendix II

Dataset (2016-2020)

COMPANIES	FYEAR	FRAUD	BDSZ	BLINST	BLFO	CEOD	BLFM	BIND	AUDEXP
Associated Bus Company (ABC Transport)	2016	-4.76	8.00	11.23	0.00	37.16	0.00	0.63	0.4
Associated Bus Company (ABC Transport)	2017	-5.33	8.00	12.34	0.00	37.16	0.00	0.63	0.4
Associated Bus Company (ABC Transport)	2018	-3.92	8.00	12.89	0.00	37.16	0.00	0.63	0.4
Associated Bus Company (ABC Transport)	2019	-3.41	7.00	16.91	0.00	37.16	0.00	0.57	0.4
Associated Bus Company (ABC Transport)	2020	16.74	8.00	16.91	0.00	37.16	0.00	0.63	0.4
C & I Leasing	2016	-3.19	9.00	17.32	0.00	2.03	0.00	0.56	0.5
C & I Leasing	2017	-3.18	10.00	27.64	0.00	2.03	0.00	0.70	0.5
C & I Leasing	2018	-2.86	9.00	27.64	0.00	2.03	0.00	0.56	0.5
C & I Leasing	2019	-3.31	9.00	33.23	0.00	1.13	0.00	0.56	0.5
C & I Leasing	2020	-4.07	10.00	43.12	0.00	1.30	0.00	0.60	0.4
CAVERTON OFFSHORE	2016	-2.95	10.00	72.67	0.15	1.49	55.96	0.60	0.5
CAVERTON OFFSHORE	2017	-2.11	10.00	70.52	0.15	1.49	55.96	0.60	0.5
CAVERTON OFFSHORE	2018	-2.56	10.00	69.44	0.20	1.49	55.96	0.60	0.5
CAVERTON OFFSHORE	2019	-2.68	10.00	68.80	0.20	1.93	55.96	0.60	0.5
CAVERTON OFFSHORE	2020	-3.76	9.00	66.48	0.12	1.93	55.96	0.67	0.5
CHAMS PLC	2016	-4.41	7.00	48.11	0.34	0.16	0.00	0.71	0.6
CHAMS PLC	2017	-2.61	9.00	55.24	0.34	0.16	0.00	0.67	0.5
CHAMS PLC	2018	-1.59	10.00	55.23	0.34	0.16	0.00	0.60	0.5
CHAMS PLC	2019	-2.44	10.00	47.35	0.34	0.16	0.00	0.70	0.5
CHAMS PLC	2020	2.52	9.00	47.35	0.34	0.00	0.00	0.56	0.5
CWG (Computer Warehouse) PLC	2016	-2.87	9.00	20.50	20.50	4.03	0.00	0.67	0.5
CWG (Computer Warehouse) PLC	2017	-3.14	9.00	20.50	20.50	4.03	0.00	0.67	0.5
CWG (Computer Warehouse) PLC	2018	-2.35	9.00	20.50	20.50	4.03	0.00	0.67	0.5
CWG (Computer Warehouse) PLC	2019	-2.89	6.00	20.50	20.50	0.00	0.00	0.67	0.5
CWG (Computer Warehouse) PLC	2020	1.97	6.00	20.50	20.50	0.00	0.00	0.67	0.5
DANGOTE CEMENT	2016	-2.69	10.00	85.21	0.00	0.00	85.75	0.70	0.5
DANGOTE CEMENT	2017	-2.22	10.00	85.21	0.00	0.00	85.7	0.70	0.5

							5		
DANGOTE CEMENT	2018	-2.66	11.00	85.21	0.00	0.00	85.75	0.82	0.5
DANGOTE CEMENT	2019	-3.21	16.00	85.21	0.00	0.00	85.75	0.75	0.5
DANGOTE CEMENT	2020	-9.34	15.00	85.21	0.00	0.00	85.80	0.80	0.5
DANGOTE SUGAR PLC	2016	-1.65	9.00	76.91	0.00	5.44	67.69	0.78	0.5
DANGOTE SUGAR PLC	2017	-1.79	9.00	76.91	0.00	5.44	67.69	0.78	0.5
DANGOTE SUGAR PLC	2018	-2.10	8.00	76.91	0.00	5.44	67.69	0.88	0.5
DANGOTE SUGAR PLC	2019	-2.63	9.00	76.91	0.00	5.44	67.69	0.78	0.5
DANGOTE SUGAR PLC	2020	#DIV/0!	9.00	76.91	0.00	5.38	66.87	0.78	0.5
ETERNA PLC	2016	-2.92	8.00	44.33	0.00	0.00	0.00	0.63	0.33
ETERNA PLC	2017	-2.13	8.00	44.33	0.00	0.00	0.00	0.63	0.33
ETERNA PLC	2018	-1.16	8.00	43.77	0.00	0.00	0.00	0.63	0.4
ETERNA PLC	2019	0.05	8.00	43.77	0.00	0.88	0.00	0.63	0.4
ETERNA PLC	2020	-1.68	10.00	47.34	0.00	0.03	0.00	0.60	0.5
GLAXO SMITHKLINE CONSUMER NIG PLC	2016	-2.80	10.00	69.05	46.40	0.00	0.00	0.40	0.5
GLAXO SMITHKLINE CONSUMER NIG PLC	2017	-1.87	9.00	69.05	46.40	0.00	0.00	0.33	0.5
GLAXO SMITHKLINE CONSUMER NIG PLC	2018	36.27	9.00	61.99	46.40	0.00	0.00	0.56	0.5
GLAXO SMITHKLINE CONSUMER NIG PLC	2019	-2.45	11.00	46.42	46.40	0.00	0.00	0.36	0.5
GLAXO SMITHKLINE CONSUMER NIG PLC	2020	-4.67	9.00	52.11	19.11	0.01	0.00	0.44	0.5
Ikeja Hotel	2016	-2.73	8.00	52.16	0.00	0.00	0.00	0.63	0.5
Ikeja Hotel	2017	-3.04	8.00	52.16	0.00	0.00	0.00	0.63	0.5
Ikeja Hotel	2018	-2.58	8.00	54.87	0.00	0.00	0.00	0.63	0.5
Ikeja Hotel	2019	-5.17	8.00	55.09	0.00	0.00	0.00	0.63	0.57
Ikeja Hotel	2020	-5.08	8.00	55.09	0.00	0.00	0.00	0.63	0.5
JAPAUL OIL	2016	9.32	8.00	0.00	0.00	5.63	0.00	0.50	0.5
JAPAUL OIL	2017	-2.50	8.00	0.00	0.00	0.19	0.00	0.50	0.5
JAPAUL OIL	2018	2.66	8.00	0.00	0.00	0.19	0.00	0.50	0.5
JAPAUL OIL	2019	4.88	6.00	0.00	0.00	0.19	0.00	0.67	0.5
JAPAUL OIL	2020	502.71	6.00	0.00	0.00	0.19	0.00	0.67	0.5
JULIUS BERGER NIG	2016	-2.02	9.00	56.90	0.00	0.00	0.00	0.56	0.5
JULIUS BERGER NIG	2017	4.69	12.00	64.50	0.00	0.00	0.00	0.58	0.5
JULIUS BERGER NIG	2018	-2.46	12.00	64.89	0.00	0.00	0.00	0.58	0.5
JULIUS BERGER NIG	2019	-2.09	13.00	67.80	0.00	0.00	0.00	0.54	0.5
JULIUS BERGER NIG	2020	-0.26	13.00	67.80	0.00	0.00	0.00	0.62	0.5

LAFARGE	2016	-1.64	17.00	94.02	83.81	0.00	0.00	0.71	0.5
LAFARGE	2017	-1.51	18.00	88.44	83.81	0.00	0.00	0.89	0.5
LAFARGE	2018	-3.48	17.00	88.44	83.81	0.00	0.00	0.88	0.5
LAFARGE	2019	-2.93	14.00	88.44	83.81	0.00	0.00	0.79	0.5
LAFARGE	2020	1.61	16.00	88.44	83.81	0.00	0.00	0.75	0.5
MAY & BAKER NIGERIA PLC	2016	-2.76	9.00	10.31	0.00	0.42	0.00	0.56	0.5
MAY & BAKER NIGERIA PLC	2017	-1.88	8.00	0.00	0.00	0.42	0.00	0.50	0.5
MAY & BAKER NIGERIA PLC	2018	-2.76	10.00	0.00	0.00	0.42	0.00	0.50	0.5
MAY & BAKER NIGERIA PLC	2019	-2.90	10.00	0.00	0.00	0.84	0.00	0.50	0.5
MAY & BAKER NIGERIA PLC	2020	5.69	11.00	0.00	0.00	0.84	0.00	0.55	0.5
MCNICHOLS PLC	2016	-2.17	6.00	27.66	0.00	16.38	18.91	0.50	0.33
MCNICHOLS PLC	2017	-2.35	4.00	21.25	0.00	16.38	18.91	0.50	0.5
MCNICHOLS PLC	2018	-2.79	4.00	21.25	0.00	16.38	18.91	0.50	0.4
MCNICHOLS PLC	2019	-3.00	5.00	21.25	0.00	16.38	18.91	0.80	0.5
MCNICHOLS PLC	2020	368.00	5.00	17.84	0.00	16.41	18.91	0.80	0.33
Meyer Plc (DN Meyer)	2016	#DIV/0!	8.00	42.89	61.59	0.39	0.00	0.63	0.5
Meyer Plc (DN Meyer)	2017	#DIV/0!	8.00	56.69	61.59	0.39	0.00	0.63	0.5
Meyer Plc (DN Meyer)	2018	#DIV/0!	8.00	61.59	61.59	0.39	0.00	0.63	0.5
Meyer Plc (DN Meyer)	2019	#DIV/0!	7.00	61.59	61.59	0.39	0.00	0.57	0.5
Meyer Plc (DN Meyer)	2020	1.19	6.00	62.36	62.36	0.39	0.00	0.67	0.5
Nigerian Aviation Handling	2016	-2.42	14.00	52.32	11.81	0.00	0.00	0.71	0.57
Nigerian Aviation Handling	2017	-2.45	12.00	63.51	11.81	0.00	0.00	0.75	0.5
Nigerian Aviation Handling	2018	-1.73	18.00	51.51	0.00	0.00	0.00	0.67	0.5
Nigerian Aviation Handling	2019	-2.53	11.00	41.06	0.00	0.00	0.00	0.73	0.5
Nigerian Aviation Handling	2020	-3.71	11.00	43.25	0.00	0.00	0.00	0.73	0.5
NIGERIAN BREWERY PLC	2016	-2.92	15.00	80.60	53.23	0.00	0.00	0.53	0.43
NIGERIAN BREWERY PLC	2017	-2.34	17.00	80.49	53.23	0.00	0.00	0.47	0.43

NIGERIAN BREWERY PLC	2018	-2.92	17.00	80.39	53.23	0.00	0.00	0.65	0.43
NIGERIAN BREWERY PLC	2019	-3.24	11.00	66.37	53.23	0.00	0.00	0.73	0.57
NIGERIAN BREWERY PLC	2020	4.12	10.00	66.37	53.23	0.00	0.00	0.70	0.5
OANDO PLC	2016	-3.38	11.00	61.84	57.37	0.03	0.00	0.60	0.5
OANDO PLC	2017	-2.72	10.00	61.68	57.37	0.03	0.00	0.60	0.38
OANDO PLC	2018	4.65	12.00	61.86	57.37	0.03	0.00	0.67	0.57
OANDO PLC	2019	#DIV/0!	12.00	61.86	57.37	0.03	0.00	0.67	0.5
OANDO PLC	2020	.	.	.	.	.	.	.	.
OMATEK VENTURES PLC	2016	-8.46	7.00	11.66	0.00	0.00	58.40	0.71	0.5
OMATEK VENTURES PLC	2017	-0.38	11.00	11.66	0.00	0.00	58.40	0.73	0.5
OMATEK VENTURES PLC	2018	-6.07	10.00	11.66	0.00	0.00	58.40	0.70	0.5
OMATEK VENTURES PLC	2019	12.08	7.00	11.66	0.00	0.00	58.40	0.71	0.4
OMATEK VENTURES PLC	2020	19706.72	6.00	11.66	0.00	0.00	52.77	0.67	0.4
PREMIER PAINTS	2016	#DIV/0!	9.00	51.00	0.00	0.00	0.00	0.67	0.5
PREMIER PAINTS	2017	#DIV/0!	9.00	51.00	0.00	0.00	0.00	0.56	0.5
PREMIER PAINTS	2018	#DIV/0!	7.00	51.00	0.00	0.00	0.00	0.71	0.5
PREMIER PAINTS	2019	#DIV/0!	8.00	51.00	0.00	0.00	0.00	0.63	0.5
PREMIER PAINTS	2020	#DIV/0!	8.00	51.00	0.00	0.00	0.00	0.63	0.5
R.T. Briscoe	2016	-4.71	8.00	37.16	0.00	0.06	0.00	0.75	0.5
R.T. Briscoe	2017	-4.08	10.00	37.16	0.00	0.06	0.00	0.50	0.5
R.T. Briscoe	2018	1.70	9.00	37.16	0.00	0.06	0.00	0.56	0.6
R.T. Briscoe	2019	-2.54	8.00	37.16	0.00	0.06	0.00	0.63	0.5
R.T. Briscoe	2020	1.17	8.00	37.16	0.00	0.06	0.00	0.63	0.5
SCOA NIG PLC	2016	-3.42	11.00	68.25	68.25	0.00	0.00	0.64	0.5
SCOA NIG PLC	2017	-2.86	12.00	68.25	68.25	0.00	0.00	0.58	0.5
SCOA NIG PLC	2018	-2.90	12.00	68.25	68.25	0.00	0.00	0.50	0.5
SCOA NIG PLC	2019	-2.24	11.00	68.25	68.25	0.00	0.00	0.73	0.5
SCOA NIG PLC	2020	4.03	8.00	68.25	68.25	0.00	0.00	0.63	0.5
SEPLAT PETROLEUM PLC	2016	-2.87	12.00	70.56	62.72	13.25	0.00	0.67	0.5
SEPLAT PETROLEUM PLC	2017	23.40	12.00	77.34	62.72	12.46	0.00	0.67	0.5
SEPLAT PETROLEUM PLC	2018	-0.48	12.00	77.34	70.43	12.04	0.00	0.67	0.5

SEPLAT PETROLEUM PLC	2019	-3.01	12.00	47.49	70.43	12.19	0.00	0.67	0.57
SEPLAT PETROLEUM PLC	2020	3.28	15.00	54.21	70.43	0.48	0.00	0.73	0.5
TRANSCORP HOTELS	2016	-3.02	10.00	94.49	0.18	0.01	0.00	0.70	0.5
TRANSCORP HOTELS	2017	-3.24	12.00	94.49	0.18	0.01	0.00	0.75	0.5
TRANSCORP HOTELS	2018	-2.46	12.00	94.49	0.18	0.01	0.00	0.75	0.5
TRANSCORP HOTELS	2019	-3.09	11.00	94.49	0.00	0.01	0.00	0.64	0.5
TRANSCORP HOTELS	2020	#DIV/0!	10.00	94.66	0.00	0.00	0.00	0.80	0.5
TRANSNATIONAL CORPORATION	2016	-2.42	7.00	58.99	0.18	0.03	0.00	0.71	0.5
TRANSNATIONAL CORPORATION	2017	-2.69	8.00	58.99	0.18	0.01	0.00	0.63	0.5
TRANSNATIONAL CORPORATION	2018	-2.27	7.00	58.99	0.18	0.03	0.00	0.57	0.5
TRANSNATIONAL CORPORATION	2019	-2.56	7.00	55.92	0.00	0.03	0.00	0.57	0.43
TRANSNATIONAL CORPORATION	2020	-3.45	8.00	55.15	0.00	0.02	0+O2	0.75	0.5
UAC Of Nigeria PLC	2016	-2.07	8.00	45.00	0.00	0.08	0.00	0.63	0.5
UAC Of Nigeria PLC	2017	-3.14	11.00	45.00	0.00	2.57	0.00	0.64	0.5
UAC Of Nigeria PLC	2018	-3.09	12.00	60.00	0.00	8.07	0.00	0.75	0.5
UAC Of Nigeria PLC	2019	-2.66	11.00	60.00	0.00	9.15	0.00	0.64	0.5
UAC Of Nigeria PLC	2020	-3.02	10.00	60.00	0.00	9.70	0.00	0.70	0.4
UPDC Plc (UACN Property Development)	2016	6.82	8.00	87.71	0.00	0.01	0.00	0.75	0.5
UPDC Plc (UACN Property Development)	2017	-5.12	10.00	84.25	0.00	0.06	0.00	0.70	0.5
UPDC Plc (UACN Property Development)	2018	-4.21	10.00	84.25	0.00	64.16	0.00	0.70	0.5
UPDC Plc (UACN Property Development)	2019	-5.35	9.00	80.02	0.00	64.16	0.00	0.78	0.5
UPDC Plc (UACN Property Development)	2020	46.66	10.00	97.79	0.00	0.00	0.00	0.70	0.5

Source: computation from audited annual reports of sampled firms