

**5<sup>th</sup> ANNUAL CONFERENCE**  
**AFRICAN ACCOUNTING AND FINANCE ASSOCIATION**

# **BOOK OF ABSTRACTS**

---

**1<sup>st</sup> to 4<sup>th</sup> SEPTEMBER, 2015**

**THE WESTIN TURTLE BAY RESORT & SPA**

# Our Sponsors

---



## Welcome Note

---

Dear Delegates

It gives us a great pleasure to welcome you to the 5<sup>th</sup> African Accounting and Finance Association (AAFA) Conference organized by the University of Mauritius and AAFA at The Westin Turtle Bay Resort and Spa. It is our privilege to host delegates from a variety of countries from within, and beyond, Africa. The papers and presentations cover topics ranging from accounting, governance, financial markets, and corporate social responsibility. Such a diversity of individuals and topics should guarantee an interesting and stimulating few days. We wish to express our gratitude to Dr Seetannah, Dr Soobaroyen and his enthusiastic team, and the various African country liaisons, for organizing and hosting this event (including the Emerging Scholar Colloquium on the 1<sup>st</sup> September at the University of Mauritius).

We would also like to thank the international scientific committee members for their reviews and comments, and for enabling the preparation of an excellent programme. The plenary programme is billed to be an excellent one, to be first delivered by Professor Haresh Sapra, Professor of Accounting from the University of Chicago Booth School of Business on the subject of “A ‘Real Effects’ Perspective to Accounting Research: Insights and Implications” . This will be then followed by a plenary workshop on IFRS Implementation by representatives from the IFRS Foundation and the International Association for Accounting Education and Research (IAAER). In addition, there will be more than 90 contributed papers presented on a large variety of topics and we can expect a productive conference full of new insights.

We are also lucky to host members of professional Accounting organizations such as ACCA and CIMA amongst this year conference delegates, and we hope to be able to bridge the gap between the academic and practitioners’ perspectives. Interestingly, the social programme of the conference includes an island tour, welcome cocktail and a gala dinner to enable greater networking and opportunities to continue debating whilst enjoying the Mauritian hospitality.

On behalf of the University of Mauritius, we wish to thank the sponsors, and in particular the ACCA (Association of Chartered Certified Accountants), Chartered Institute of Management Accountants (CIMA) and the Mauritius Research Council (MRC).

We wish all participants a very fruitful and enjoyable few days.

**Dr Raja Vinesh Sannassee**  
*Dean, Faculty of Law and Management*

**Professor Mathew Tsamenyi**  
*AAFA President*

## Table of Contents

---

Welcome Note.....	3
Impact of Exchange Rate Volatility on Tourism Trade.....	9
Inclusion in a Socially Responsible Investment Index and Investor Relations Quality - Evidence from the Johannesburg Stock Exchange.....	10
Stock Return Predictability in South Africa: An Alternative Approach .....	11
Analysis of Audit Regimes and Audit Market Share/Concentration in Nigeria.....	12
Voluntary Disclosure of Accounting Ratios in the Annual Reports of South African Listed Companies .....	13
Corporate Governance Reforms and Firm Performance: Kenya Listed Companies. .....	14
An Empirical Analysis of the Determinants of the Performance of the Global Private Equity Funds Markets .....	15
Organizational Whistleblowing Policies as an Alternative to Legislative Protection: An Investigation in Mauritius.....	16
Evidence on the Relationship between Religiosity and Acquiring Takaful and Conventional Insurance.....	18
Securitisation and Credit Risk: Empirical Evidence from Mauritius .....	19
UTR-CTOE: A New Paradigm Explaining CAATs Adoption.....	20
An Exploratory Study on the Evolution and Development of Corporate Social Responsibility Practices in India .....	21
Understanding the Contribution of Human Capital for the Competitiveness of Mauritius. ....	22
A Dynamic Investigation between FDI and Financial Development: Evidence from Mauritius. ....	23
'Les institutions de contrôle en Afrique francophone: L'indépendance relative de l'Inspection Général d'État par rapport à la Cour des Comptes' .....	24
IT Governance Maturity, Contingency Factors and Organisation Performance for Mauritian Organisations .....	25
Corporate Governance and Corruption around the World: The Moderating Effect of Culture. ....	26

Challenges of E-procurement in the Public Health Sector in Mauritius.....	27
Does Information Ruin Prospects? Exploring Stakeholder Perspectives on the Value of Providing Performance and Accounting Information in Public Services	28
India’s Parallel Economy and Tax Reforms: A Curative Measure .....	29
The Influence of the Accounting Profession on Standard-Setting in South Africa: the Case of the Adoption of IFRS for SMEs.....	31
Stock Market Development: An Assessment of its Determinants in Mauritius. ....	32
A Methodology for Assessing the Quality of Corporate Governance in Nigerian Banks.....	33
Modelling Success in Commercialisation: Using a sample of African Microfinance Institutions.....	35
Italian Statutory Auditors: The Hegemonic Survival of a Unique Accounting Governance Institution .....	37
A Regional Approach to Regulating African Cross-Border Banks.....	38
Auditing Challenges in the Indian Local Governments .....	39
A Critical Analysis of the Financial Reporting Practices of Islamic Financial Institutions (IFI) .....	40
Should the Mauritian Laws on the Financial Services Sector be amended to Further Protect Banking and Financial Services Consumers? .....	41
IFRS Convergence and Revisions: Capital Market Evidence of Accounting Information Quality from East Africa. ....	42
Environmental Disclosure by Listed Manufacturing Companies in Nigeria.....	43
Disclosures on Employee Health and Safety: Event Controllability and the Assignment of Causal Responsibility.....	45
Fiscal and Monetary Policy Dynamism in the Sub-Saharan Africa Frontier Markets .....	46
The Design and Use of Management Control System in a Chinese Multinational Corporation: An Institutional Explanation of Cultural Influence.....	47
Analysis of Economic Transformation Intervention in South Africa - The CA Charter.....	49
Impediments in Raising Finance: The Case of Mauritian SMEs.....	50
Enhancing Students’ Employability Prospects: The Use of Role Play as a Teaching and Learning Strategy in Corporate Governance. ....	52

Does Compliance Matter in Surveillance of Nigerian Banks? A Critical Examination of the Central Bank of Nigeria Code of Corporate Governance .....	54
Adoption and Implementation of EPICOR Accounting Systems in the Tanzanian Local Government Authorities: A New Institutional Sociology (NIS) Perspective. ....	56
National Health Insurance: The Most Appropriate Method of Financing it.....	57
The Need for Accounting Training Packages for Small-Scale Firms in Rural Mauritius .....	59
Gender and the Practice of Accounting Profession: A Perception Study of Plateau State, Nigeria.....	60
Exploratory Research on the Role of Corporate Board of Directors from an Emerging African Market Perspective. ....	61
Determinants of Exchange Rate: A Meta-Analysis Approach .....	63
Conditional Heteroscedasticity in Mauritius and Zambia Stock Market Returns with Varying Distribution Densities.....	64
Exploring the Perception of Corporate Governance Actors on Corporate Governance Implementation Process, Regulatory Compliance and Firm Performance in Emerging Markets.....	66
Ethical Development for the Accounting Profession. ....	68
The Influence of Corporate Environmental Responsibility on Stock Performance of Companies Listed on the Stock Exchange of Mauritius.....	70
Mediator Effects of External Auditing in the Relation between Corporate Governance and Earnings Management .....	72
The Impact of Political Connectedness on Corporate Governance Disclosure. ....	73
Firm-Specific Attributes and the Value Relevance of Accounting Information ....	75
The Influence of the International Financial Reporting Standards (IFRS) on Audit Reporting Lag.....	76
Audit Reforms in the OHADA Treaty States. ....	77
An Analysis of the Financial Reporting Compliance of South African Public Agricultural Companies. ....	78
Information Asymmetry, Leverage and Firm Value. ....	79
Participation and Spending Attitudes in the Mauritian Lotto Market .....	80

Ownership Structure, Corporate Governance and Voluntary Sustainability Assurance in the SADC Countries. ....	81
Perception of Fairness and Personal Income Tax Compliance in Rivers State Polytechnic, Bori.....	83
Access to Finance, Institutional Support and SME Development:Is there a Gender Disparity? The Case of Mauritius.....	84
How Can the Law Provide More Effective Regulatory Safeguards in the Financial Field?.....	85
EVA and Future Accounting Earnings in South Africa .....	86
Legal Value of Corporate Codes of Conduct: The Emergence of National and Transnational Law in Private Codes.....	87
Impact of Exchange Rate and Exchange Rate Volatility on Foreign Direct Investment (FDI) Inflow for Mauritius: A Dynamic Time Series Approach .....	88
SMEs Financing Practices: The Case of a Small Island Developing Economy .....	89
Strategic Response to Imposed Accountability Structures in a Non-Governmental Organisation (NGO).....	90
When Does Shareholders' Wealth start to Accrue in Net Present Value Analysis? .....	91
Fraud and the Interaction between Political, Legal & Financial Reporting Regimes.....	92
Revitalizing Family Economy through Family Budget: A Lee Way to Sustainable Economic Development in Nigeria .....	94
Teaching Accounting Ethics in Nigeria: A Mirage or Reality?.....	95
The Effect of Joint Audit on Audit Quality - The Perceptions of Accountants, Auditors and Accounting Academics.....	96
Cash Flow Statement: View from Estonian Accountants .....	97
An Examination of Human Resource Accounting Practice (HRAP) in Nigeria and India. ....	99
Assessing the Application of Environmental Management Accounting in Investment Appraisal by Nigerian Firms - A Case Study. ....	100
Developing and Validating a Measurement Scale for Quality of Accounting Education.....	101
Strategic Relevance of CSR Dimensions .....	102

A Measurement of Intellectual Capital Using the VAIC Model .....	103
Linguistic Approach to Determine (Net) Working Capital. ....	104
Can Availability of Internally Generated Funds Correlate with Investments in Tangible Fixed Assets? .....	106
A Review of Accounting Quality in Emerging Economies.....	107
Access to Finance and its Determinants among Ugandan SMEs: The Effects of Different Measurement Approaches.....	108
Modelling Auditor Independence Factors in Uganda.....	110
Unfair “Fair Value” in an Opaque Credit Default Swap Market: How Marking-to-Market Pushed the International Credit Crunch. ....	112
Organizing Committee .....	114
Country/ AAFA Liaisons .....	115
International Scientific Committee.....	115
Ad hoc Conference Reviewers .....	116

## Impact of Exchange Rate Volatility on Tourism Trade

---

Polodoo, Virendra  
University of Mauritius  
Email: [polodoov@rocketmail.com](mailto:polodoov@rocketmail.com).

Seetanah, Boopendra  
University of Mauritius  
Email: [b.seetanah@uom.ac.mu](mailto:b.seetanah@uom.ac.mu)

Sannasee, Raja Vinesh  
University of Mauritius  
Email: [rysan@uom.ac.mu](mailto:rysan@uom.ac.mu)

The gist of this paper is to investigate the impact of exchange rate volatility on tourism trade flows for Mauritius using annual observations for the period spanning the period 1980-2013 using tourism receipts as dependent variable. Using dynamic time series analysis, viz VAR methodology, an international tourism export demand model as well as two measures of exchange rate volatility; the Z score and PARCH are employed. Given that no previous such study has been conducted for Mauritius, this will a first of this kind. Using Parch as volatility measure, it is found that REER and exchange rate volatility are statistically significant in explaining tourism receipts for Mauritius. However, when Z score is employed for the tourism receipt equation, exchange rate volatility, tourism receipts in the previous year as well consumer prices are significant factors explaining international tourism demand for Mauritius. Given that the results with Z score and tourism receipts appear to be more realistic, the study prefers to use the findings to draw policy conclusions. Given that inflation pose a threat to the competitiveness of the tourism sector, the authorities should place a greater emphasis on exchange rate stability and price stability as primary goals of their monetary policies. The results also suggest that it is also time for tourism players in Mauritius start asking for payment of their services in US dollar rather in euro in spite of the fact that the market for tourism is concentrated in Europe. The results also recommend that diversification of markets, away from Europe should continue to be done for our tourism markets. Last, but not least, constraints facing the sector should be addressed as soon as possible to meet competition from emerging economies.

**Keywords:** Tourism, Mauritius, Exchange Rate Volatility, PARCH, Z Score.

## **Inclusion in a Socially Responsible Investment Index and Investor Relations Quality - Evidence from the Johannesburg Stock Exchange.**

---

Esterhuysen, Leana  
University of South Africa, South Africa  
Email: [esterl@unisa.ac.za](mailto:esterl@unisa.ac.za)

**Purpose** - The Johannesburg Stock Exchange (JSE) announces their Socially Responsible Investment Index (SRI) constituents annually in November based on information that companies voluntarily disclosed in respect of environmental, social and governance (ESG) issues. Companies included in a SRI Index are considered to be more accountable and transparent. This paper aims to determine whether ESG transparency (inclusion in the SRI) also extends to other voluntary information disclosures made via companies' websites (online investor relations (OIR) score).

**Method** - OIR scores (websites assessed third quarter 2012) of 196 companies were matched to the 74 companies in the JSE's SRI Index (November 2011), of which 69 were also contained in the dataset of 196. Ordinary least squares regression was used to determine whether inclusion in the JSE's SRI (lagged variable) is significantly positively associated with the online investor relations score (proxy for other voluntary disclosures practices), controlling for five other variables.

**Results** - The model is significant and it has moderate strength to predict the OIR score for JSE companies. Inclusion in the SRI Index was found to be positively and significantly associated with the OIR score, as well as market capitalisation and having a Big 4 Audit firm. Profitability, leverage and natural resources sector variables were insignificant.

**Conclusions** - The literature on voluntary disclosures is extended by revealing that companies included in the SRI Index are extending their transparency to other areas of voluntary disclosure. Disclosures are not only made to gain legitimacy or as part of mimetic isomorphism, but forms part of a culture of transparency and accountability.

**Keywords:** voluntary disclosures, transparency, ESG, investors, institutional isomorphism

## Stock Return Predictability in South Africa: An Alternative Approach

---

Charteris, Ailie  
University of KwaZulu-Natal, South Africa  
Email: [charterisa@ukzn.ac.za](mailto:charterisa@ukzn.ac.za)

Strydom, Barry  
University of KwaZulu-Natal, South Africa  
Email: [strydomb@ukzn.ac.za](mailto:strydomb@ukzn.ac.za)

**Purpose** - There is considerable debate internationally as to whether share returns are predictable. The evidence in South Africa (Gupta and Modise, 2012a, b and 2013) reveals that valuation ratios have no forecasting power but the Treasury bill rate, term spread and money supply have been found to be able to predict share returns at a relatively short horizon.

**Design/methodology/approach** - In this study, the consumption aggregate wealth ratio of Lettau and Ludvigson (2001) is applied to South African share returns to assess its forecasting power using in-sample tests over both short and long horizons. The forecasting power of this composite variable is compared to a number of traditional variables.

**Findings** - Similarly to the developed market evidence, the results indicate that the consumption aggregate wealth ratio is a significant predictor of returns and combined with the term spread, can explain a substantial component of the variation in future short and long horizon share returns.

**Research limitations/implications** - Adjustments are made for effects of overlapping returns and the persistent nature of the regressors, but the approaches used still tend to result in upward biased results for near unit root predictive variables.

**Practical implications** - Share return predictability has important implications for investors who seek to earn higher returns, but also for policy makers who seek to minimise the impact of crises on stock markets given that share prices not only act as a leading indicator of output and inflation but that there are also spillover effects from the share market to the real sector.

**Social implications/Originality/value** - This study undertakes a comprehensive analysis of the consumption aggregate wealth ratio in the emerging market of South Africa and provides an assessment of whether this composite variable is as successful in predicting share returns as it has been in developed markets.

**Analysis of Audit Regimes and Audit Market  
Share/Concentration in Nigeria**

---

Asien, Etumudon Ndidi  
Federal University Otuoke, Nigeria  
E-mail: [asiene@fuotuoke.edu.ng](mailto:asiene@fuotuoke.edu.ng)

This paper creates and examines audit regimes in Nigeria, and determines the concentration and market share controlled by each regime. The paper also examines the audit regime that is most likely to audit mature and large clients. Data from annual reports and audited financial statements of 83 quoted firms between 2011 and 2013 are analysed using the Herfindahl-Hirschman Index and multiple regressions to test the paper's hypotheses. Our results suggest that relative to other single audit regimes, Big 4 auditors dominate the Nigerian audit market as they have the highest concentration and market share ratios. We find that single audits are paid significantly lower than joint audits in Nigeria. Cross-sectional regressions results suggest that auditors' remuneration is significantly related to clients' age and size, particularly for Big 4 auditors who are considered to have technology advantage.

We recommend that Nigerian companies should increase the appointment of wholly Nigerian-owned audit practices to audit their financial statements, either as sole or joint auditors. We also recommend that wholly Nigerian-owned audit practices should invest in (modern) audit technology to gain increased appointments.

**Keywords:** Single audit, joint audit, auditors' remuneration, Big 4 auditors, Non-Big 4 auditors, market share, concentration

## Voluntary Disclosure of Accounting Ratios in the Annual Reports of South African Listed Companies

---

Van der Merwe, Daniel Carl  
Stellenbosch University, South Africa  
E-mail: [dandre@ma2.sun.ac.za](mailto:dandre@ma2.sun.ac.za)

Concerns about the quality of financial reporting intensify as economies turn down, organisations flounder, and interested parties lose their investment. Financial reporting should serve as anchor during troubled times to safeguard the interest of the parties to whom organisations are accountable. Quality of disclosure can be judged by three criteria: compliance with mandatory disclosure, dept of disclosing mandatory disclosures, and the extent of voluntary disclosure.

Accounting ratios are believed to be of fundamental importance in financial analysis, and therefore useful additions to financial statements. The purpose of this study is, firstly, to determine whether listed companies in South Africa indeed do voluntary disclosure of ratio information which they are obligated to under statutory provisions and, secondly, to establish empirically the relationship between five specific measurements and a particular type of voluntary disclosure, *viz.* that of accounting ratios disclosed by companies listed on the Johannesburg Stock Exchange (JSE). The five specific measurements examined are: size, leverage, profitability, liquidity and industry.

To achieve this, only the top 40 South African companies listed were selected for the survey, mainly because many studies have linked company size to disclosure and indicate that the ratio analysis would have been more likely to be found in larger companies. To establish the disclosure practices, the companies' most recent annual reports were examined and the ratios displayed noted. Descriptive statistics as an appropriate analytic tool by which to test the hypotheses, were used to gain a deeper understanding of the disclosure decision.

The study found that the top 40 listed companies do voluntary disclosure of ratio information in their annual reports. Some evidence of an association between ratio disclosure and company performance, size and industry was also found. The implications of these findings are considered and areas of further research discussed.

**Keywords:** voluntary disclosure, annual report, listed companies, ratio analysis

## Corporate Governance Reforms and Firm Performance: Kenya Listed Companies.

---

Outa, Erick R.  
Strathmore Business School, Kenya  
Email: [ericouta2002@yahoo.co.uk](mailto:ericouta2002@yahoo.co.uk)

Waweru, Nelson M.  
York University, Canada

**Purpose** - This study investigates the impact of corporate governance reforms on firm performance in Kenyan listed companies after the implementation of the corporate governance guidelines.

**Design** - Using panel data of 98-firm years observations obtained from the annual reports of the 49 companies listed on the Nairobi Securities Exchange (NSE), the study uses panel data regression method to test the hypothesis that corporate governance reforms has improved firm performance in Kenya.

**Findings** - The results show a significant positive relationship between board evaluation, board balance and firm performance. We also found a significant negative relationship between firm performance and board disclosure. Furthermore two board characteristics (board evaluation and board disclosure) were found to be positively and significantly related to firm value suggesting that better corporate governance drive firm value in Kenya.

**Originality/Value** - These results are important to the Capital Market Authority (CMA) and other corporate governance regulators in sub-Saharan Africa, in their effort to improve corporate governance practices in the region. Furthermore, the study contributes to our understanding of how corporate governance reforms impact corporate performance in developing economies of Africa.

**Keywords:** Corporate governance, Evaluation, Disclosure, Balance, Firm Performance, Firm Value, Kenya

## An Empirical Analysis of the Determinants of the Performance of the Global Private Equity Funds Markets

---

Candasamy, Murugessen  
KPMG Mauritius

Jugurnath, Bhavish  
University of Mauritius, Mauritius  
Email: [b.jugurnath@uom.ac.mu](mailto:b.jugurnath@uom.ac.mu)

Over the last decade, the Private Equity (PE) industry, primarily venture capital and leveraged buyout investments, has matured massively. Consequently, public interest towards that particular asset class has increased rapidly. This study seeks to empirically assess the determinants of private equity funds' (PEF) performance around the world. The study comprises a panel data of 103 publicly traded PEFs globally for the period 2007-2013. Generalized Least Squares technique is employed to regress the explanatory variables. The objective is accentuated on the major contributing factors that make a private equity fund successful. The analysis in this paper examines the effect of fund size, investment size, geographical focus and industrial specialization on return. The empirical results provide evidence that: (1) Fund size and industrial specialization were observed to have insignificant influence on the funds' returns in our panels. (2) Investment size related positively to fund performance, indicating that larger deal sizes exhibited superior performance level. (3) Geographical focus exhibited a negative association to fund performance, leading to the conclusion that limited geographical deployment of funds or absence of market diversification resulted in a fall in funds' returns. Consequently, to proxy for return of funds, stock prices of listed private equity funds under LPEQ listings were employed.

**Keywords:** Private Equity, Generalised Least Squares, Fund Performance, Stock Size, Emerging Markets, Europe, North America, Global Market.

## Organizational Whistleblowing Policies as an Alternative to Legislative Protection: An Investigation in Mauritius

---

Gunesh Ramlugun, Vidisha  
University of Mauritius, Mauritius  
Email: [v.ramlugun@uom.ac.mu](mailto:v.ramlugun@uom.ac.mu)

Saib, Rukhsaar Bibi Fatimah  
University of Mauritius, Mauritius  
Email: [rukhsaar.saib@uom.ac.mu](mailto:rukhsaar.saib@uom.ac.mu)

**Purpose** - In Mauritius, the Prevention of Corruption Act (POCA) contains a section on whistleblowing which allows employees to report misconduct and provide protection for whistleblowers. The POCA applies only to whistleblowers who denounce frauds to ICAC (Independent Commission against Corruption). If frauds are not denounced through ICAC, then employees will not be protected under the POCA. This paper investigates whether employees will blow the whistle internally and also measure the effectiveness of whistleblowing policies of Mauritian companies'. Drawing on the theory of Planned Behavior, employees' behavior towards whistleblowing policy is assessed and their intention to blow the whistle is gauged.

**Design/Methodology** - A self-administered questionnaire was used for the purpose of data collection. Descriptive analysis and multiple regressions were used to ascertain employees' intention and behavior towards whistleblowing.

**Findings** - Results from descriptive analysis indicate that in general, whistleblowing policies have a positive impact on employees. Findings from the multiple regression analysis revealed that attitude and subjective norm are positively related to whistleblowing, while subjective norms are negatively related. In addition, when individual level factors are gauged, it is found that males have a greater propensity to blow the whistle than female employees. We find that age is inversely related to the intention to comply with whistleblowing policies; as age increases, the intention to comply with the whistleblowing policy decreases.

**Practical implications** - The findings of the study are important for companies without a whistleblowing policy. In addition, the results are insightful for policy makers in assessing the importance of mandating whistleblowing policies in small island developing states.

**Originality/Value** - This paper attempts to make three contributions to the whistleblowing theory and practice. First, given the uniqueness of small island developing economies, the study contributes to an understanding of how

employees of small island economies react to whistleblowing policies in the absence of sufficient legal protection. Secondly, the study purports to provide a signal to policy makers in assessing the importance of mandating whistleblowing policies in small island developing states and hence contributes to scarce research on the importance of whistleblowing policies in organizations in small island developing states. Finally, in the absence of a general whistleblowing theory, it considers the relevance of the predictive validity of the Theory of Planned behavior as a general theory to justify the importance of whistleblowing policies in companies.

**Keywords:** Whistleblowing policies, whistleblowing, theory of Planned Behavior.

## Evidence on the Relationship between Religiosity and Acquiring Takaful and Conventional Insurance.

---

Al-Salih, Aysha  
Princess Nora Bint Abdulrahman University (PNU)  
Email: [analsalih@pnu.edu.sa](mailto:analsalih@pnu.edu.sa)

Napier, Christopher J.  
University of London, UK  
Email: [Christopher.Napier@rhul.ac.uk](mailto:Christopher.Napier@rhul.ac.uk)

Although conventional insurance has existed for many centuries, Islamic insurance (Takaful) is a more recent development. Takaful emerged soon after the development of modern Islamic banking. The Islamic banking industry today has assets worth over \$900 billion, and Islamic finance has spread to 75 countries from East to West, extending from Muslim to non-Muslim countries. Yet, unlike banking and general investment, Takaful has relatively lower coverage in the literature on Islamic finance, and its workings are not fully understood. The availability of both Takaful and conventional insurance in many markets provides customers with the opportunity to choose between them according to their needs, perceptions and beliefs. Identification of customers' reasons for acquiring particular forms of insurance helps to highlight the perceived weaknesses and strengths of the different forms. This paper studies the extent to which the acquisition of conventional and Takaful insurance policies by Muslims in the United Kingdom and Saudi Arabia can be explained by reference to customers' level of religiosity. A structured questionnaire based on customer-oriented questions has been used to collect the data analysed in this study. As part of the survey, respondents were asked questions about religious beliefs and practices. Factor analysis was used to identify different dimensions to the overall notion of religiosity. Overall, it was found that the purchase of Takaful policies was associated with greater knowledge of Islam, while paradoxically purchase of conventional policies was associated with greater adherence to Islamic practices.

**Keywords:** Islamic finance; insurance; Takaful; Religiosity; uni-dimensional index; r-index; multidimensional index; UK and Saudi Muslims insurance holders.

## Securitisation and Credit Risk: Empirical Evidence from Mauritius

---

Jugurnath, Bhavish  
University of Mauritius, Mauritius  
Email: [b.jugurnath@uom.ac.mu](mailto:b.jugurnath@uom.ac.mu)

Mungur, Keshika  
University of Mauritius, Mauritius

Securitisation is known to be one of the reasons of the 2008 financial crisis. The European Banking Industry was badly affected and many people were unable to repay their debts, hence increasing the level of Non-Performing loans and credit risk. This paper presents empirical evidence from the Mauritian experience for the analysis on securitization transactions and credit risk. Based on panel data framework that takes into account 6 financial institutions from January 2009 to December 2013, we observe if there is some effect of the securitization transactions on credit risk and also whether credit risk stimulates securitization. We also extended our analysis by studying 3 main banks over 13 years (from 2002 to 2014).

Our findings indicate that securitization transactions imply an increase in the credit risk and credit risk is relevant to explain securitization in Mauritius. A positive relationship between securitisation and credit risk was found. Though Mauritius has not been severely hit by the financial crisis, it should not take this financial incident for granted. Banks should review their current credit risk management and securitisation processes and implement Basel III revised regulations as precautionary measures.

**Keywords:** Securitisation assets, Credit Risk, Financial System, Non-Performing Loans, Basel III

## UTR-CTOE: A New Paradigm Explaining CAATs Adoption

---

Ramen, Mootooganagen  
University of Mauritius, Mauritius  
[ramenm@uom.ac.mu](mailto:ramenm@uom.ac.mu)

Jugurnath, Bhavish  
University of Mauritius, Mauritius  
Email: [b.jugurnath@uom.ac.mu](mailto:b.jugurnath@uom.ac.mu)

Ramhit, Prachitee  
University of Mauritius, Mauritius

**Purpose-** CAATs are audit technologies that allow auditors to perform their audit work efficiently and effectively. However, little is known about CAATs adoption process by audit firms. Therefore, this paper adapts UTAUT, TRI, and TOE framework and Denison organizational culture theory, and presents a new theory of Unified Technology Readiness and Cultural-Technological-Organizational-Environmental Model (UTR-CTOE), to explain CAATs adoption at both individual level and firm level.

**Methodology-** The methodology used in the study consists of a random sampling among the auditors through the administration of questionnaire. A total of 581 auditors registered with MIPA responded to the survey.

**Findings-** Statistical analysis of data confirms that the relation between beliefs, such as, perceived usefulness, perceived ease of use, facilitating condition and social influence, and motivation is positively correlated, while beliefs have a negative correlation with inhibition towards CAATs adopting. Results also indicate that firm's decision for CAATs adoption is positively influenced by cultural, technological, organizational and environmental factors. Furthermore, there is an indirect impact of firm's internal and external influences on auditors' adoption of CAATs.

**Research limitations-** This research surveys only audit firms registered with MIPA and in one country that apparently most of them have similar traits. Thus, the research results may be lacking generalized perception of other auditors in other countries.

**Practical implications-** UTR-CTOE framework contributes to firms that need to consider CAATs adoption for the advancement of their profession.

**Keywords -** CAATs, Technology Acceptance, Culture, audit firm, UTR-CTOE

## An Exploratory Study on the Evolution and Development of Corporate Social Responsibility Practices in India

---

Ramesh, Vani  
Reva University, India  
Email: [sarada889@yahoo.in](mailto:sarada889@yahoo.in)

**Purpose** - This paper seeks to understand the Corporate Social Responsibility (CSR) practices in India. CSR is increasingly being adopted and practiced globally. However, it is evident that the utilisation and implementation of CSR varies in differing contextual settings. The purpose of this study is to explore the concept of CSR in the present Indian context.

**Design/Methodology/Approach** -- Survey of literature is conducted to understand the existing CSR practices of Indian firms and the development of CSR in India is understood through an examination of historical and spiritual base. Literature pertinent to this is used to form a picture of contemporary practice enables the developments, how CSR has been used.

**Findings** - This study finds that though CSR is utilised in the Indian context and has been an important part of societal structure, the positive benefits that could be gained are still not recognised to their fullest. It is essential that the standards can be raised through institutionalisation of CSR is supported by partnerships between government, business and non-governmental organisations.

**Suggestions for further Study:** Since this study is conceptualized at a very preliminary stage, the researcher would open for further study on CSR practices in India compared with any other developed countries.

**Research/Practical/Social Implications** - This review aids our understanding of how CSR has evolved and been used in India. It highlights the complexity of CSR in differing contextual settings.

**Originality** - This study describes CSR in an underexplored research setting.

**Keywords:** Corporate Social Responsibility, Indian Context, Government, Practices.

## Understanding the Contribution of Human Capital for the Competitiveness of Mauritius.

---

Roopchund, Randhir  
Université des Mascareignes, Mauritius  
[E-mail: rroopchund@udm.ac.mu](mailto:rroopchund@udm.ac.mu)

**Purpose** - The aim of this research paper is to understand the relationship between Human Development Index and competitiveness of Mauritius. Mauritius has performed well (economic growth of more than 3%) despite the global economic recession over the past years. Mauritius ranks high in the global competitiveness index and Human Development Index.

**Design/methodology/approach** - Analyse the changes in HDI and competitiveness variables on Economic growth and development. Identify the trends between the different variables and more specific the Human Development Index.

**Findings** - The findings illustrate that there is a direct link and correlation between the HDI and the Economic growth.

**Research limitations/implications** - The implications are that a country should invest in Human Capital Development for improving economic growth. However, there are so many economic variables that may affect the economic growth and therefore difficult to quantify exactly the extent to which each variable is determinant.

**Keywords:** Human Development Index, Global Competitiveness Index and Economic Growth

## A Dynamic Investigation between FDI and Financial Development: Evidence from Mauritius.

---

Fauzel, Sheereen  
University of Mauritius, Mauritius  
Email: [s.fauzel@uom.ac.mu](mailto:s.fauzel@uom.ac.mu)

Most studies that have been done relating to foreign direct investment (FDI) and financial development (FD) focus rather on the link between FDI and economic growth or even the link between FD and economic growth. Certainly, there is sufficient theoretical rationale to ascertain that FDI does influence the development of financial market of the recipient countries. Hence, basing on the argument that there is a lack of studies done in this area mainly for the case of Mauritius, this paper uses a dynamic vector error correction model (VECM) which caters for both endogeneity and dynamism, and investigated the relationship between FDI and FD over the time period spanning from 1980 to 2013. Actually, the study shows that FDI can be an important ingredient for developing the financial sector in Mauritius. Results vary based on the financial development indicator used. For instance, a bi causal relationship between FDI and FD is observed from the results when liquid liabilities are used as proxy for financial development. Also, economic growth has been identified to play a crucial role in boosting financial development in Mauritius in the long run.

**Keywords:** Financial development, FDI, Causality, VECM

### **'Les institutions de contrôle en Afrique francophone: L'indépendance relative de l'Inspection Général d'État par rapport à la Cour des Comptes'**

---

Philippe Lassou  
Université de Southampton, UK  
Email : [P.J.Lassou@soton.ac.uk](mailto:P.J.Lassou@soton.ac.uk)

Andy Wynne  
Université de Leicester, UK

La fonction d'audit ou de vérification externe remplie par les institutions supérieures de contrôle des finances publiques (ISC) revêt une importance capitale pour une bonne gestion des finances publiques et la bonne gouvernance, particulièrement dans les pays en développement. En vue d'aider les pays à renforcer cette fonction essentielle, l'INTOSAI a formulé en 2007 une déclaration sur l'indépendance des ISC basée sur les bonnes pratiques. Cependant cet idéal n'est pas atteint dans de nombreux pays d'Afrique sub-saharienne. La situation est particulièrement complexe dans les pays francophones où il y a généralement deux entités qui exercent cette fonction d'audit : la Cours des Comptes et l'Inspections Générales d'Etat. Cet article a réalisé, à titre introductif, une analyse comparative des rôles et niveaux d'indépendance relatifs de ces deux institutions au regard de la Déclaration de l'INTOSAI. L'article conclut que, malgré les améliorations récentes, aucune des deux institutions n'a atteint les niveaux d'indépendance proposés par l'INTOSAI.

# AAFA2015-23

## IT Governance Maturity, Contingency Factors and Organisation Performance for Mauritian Organisations

---

Subadar Agathee, Assarf  
Open University of Mauritius, Mauritius  
Email: [assarf.subadar@gmail.com](mailto:assarf.subadar@gmail.com)

**Purpose** - The purpose of this paper is to empirically assess the maturity of IT Governance, its contingency factors and its association with organisation performance in Mauritius.

**Design/methodology/approach** - This paper is based on a quantitative research that uses COBIT 4.1 to assess IT governance maturity. The relationship between IT governance maturity and organisation performance is explored by using financial data of a respective company at a given point in time.

**Findings** - The main conclusions of this research are that firstly Mauritian organisations are leveraging a broad set of IT governance practices with an IT governance maturity level of 3.39 (on a scale of 5). Secondly information intensity has an effect on IT governance maturity and thirdly no significant relationship exists between organisation performance and IT governance maturity.

**Practical Implications** – This research has identified key practices and contingency factors that organisations can consider during the implementation of IT governance mechanisms.

**Originality/Value** - This study has made at least two contributions to the area of IT governance in Mauritius. It has contributed to the expanding knowledge base of IT governance implementation for the local context and has shed light on the current maturity of IT governance for Mauritian organisations in parallel to unfolding some contingency factors.

**Keywords** IT Governance, IT Governance Maturity, Organisation Performance, Contingency Factors, COBIT, Mauritius

## Corporate Governance and Corruption around the World: The Moderating Effect of Culture.

---

Ntim, Collins G.  
University of Huddersfield, UK  
Email: [c.ntim@hud.ac.uk](mailto:c.ntim@hud.ac.uk)

Yang, Wan  
University of Huddersfield, UK  
Email: [y.wang3@hud.ac.uk](mailto:y.wang3@hud.ac.uk)

**Research Question/Issue** - This paper examines the association between corporate governance (CG) and corruption, and consequently, investigates whether national culture can moderate the CG-corruption nexus.

**Research Findings/Insights** - Using data on 171 countries, our findings suggest that, on average, the level of corruption is lower in countries with good CG practices than those with poor CG practices. We also find that a combination of CG and cultural variables has a stronger restraining effect on corruption than CG alone, implying that culture moderates the link between CG and corruption. The central tenor of our findings remains unchanged after controlling for different endogeneities, country-level factors and alternative CG, corruption and cultural proxies.

**Theoretical/Academic Implications** - The paper generally contributes to the literature on CG, corruption and culture. Specifically, we make two main new contributions to the extant literature by drawing on insights from agency and resource dependence theories. First, we provide evidence on why and how the level of corruption in countries with good CG standards is lower than those with poor CG practices. Second, we provide evidence on why and how national culture might moderate the CG-corruption nexus.

**Practical/Policy Implications** - Our results have crucial regulatory and policy-making implications. Our findings indicate that improvement in CG practices at the firm-level can help restrain the level of corruption at the national level. This, therefore, offers global regulators, national institutions, transnational bodies, policy-makers and anti-corruption campaigners a strong motivation to explicitly embark upon CG and corruption reforms jointly rather than separately.

**Keywords:** Corporate Governance, Corruption, Bribery, Culture, Agency versus Resource Dependence View

## Challenges of E-procurement in the Public Health Sector in Mauritius

---

Mohamudally-Boolakya, Aleesha  
University of Technology Mauritius, Mauritius  
Email: [aboolaky@umail.utm.ac.mu](mailto:aboolaky@umail.utm.ac.mu)  
Ghurburrun, Vikram  
University of Technology Mauritius, Mauritius

**Purpose** - E-procurement is the use of online technology to assist with the procurement function. It is considered as an operational imperative in today's competitive environment of the health care sector and is one of the key issues purchasing and supply executives need to face. The benefits of E-procurement include lower transaction costs, shorter procurement cycles, reduced inventory levels, higher degree of accountability transparency and enhanced supplier relationship.

**Design/Methodology/Approach** - The objectives of the study are to investigate into the implementation of e-procurement in the Public Health Sector in Mauritius and to gauge the perceptions of procurement Cadres about the benefits and barriers of its implementation. A survey was carried out among Procurement cadres at the Ministry of Health and Quality of Life, the Central Store Division as well as hospitals in Mauritius.

**Findings** - One of the main findings is that adoption of e-procurement will lead to undisputable beneficial results in terms of customer relationship, accountability and, transparency. However, it has been observed that currently the health care sector is not sufficiently equipped with technological infrastructure and resources to support the adoption of e-procurement. The study has shown that the implementation of e-procurement will nevertheless be cost effective despite high investments that need to be incurred.

**Research implications** - The present study provides a starting point in the investigation of the efficiency of the e-procurement application the government of Mauritius is adopting on a pilot basis in the public health sector.

**Originality and value** - Moreover, the study has allowed to uncover the issues pertaining to transition to e-procurement more particularly in the public Health sector.

**Keywords:** E procurement, Health Care, public sector

## Does Information Ruin Prospects? Exploring Stakeholder Perspectives on the Value of Providing Performance and Accounting Information in Public Services

---

Phiri, Joseph  
The Copperbelt University, Zambia  
Email: [jmphiri72@yahoo.co.uk](mailto:jmphiri72@yahoo.co.uk)

**Purpose:** This paper investigates the value of providing performance and accounting information in a public sector setting, public healthcare in this case. While literature on this topic is growing, most studies have investigated this matter from a peripheral approach and mainly from developed economic contexts. The paper contributes to this body of knowledge by undertaking an in-depth investigation of this practice by involving a cross-section of stakeholders in a less developed economy.

**Design/Methodology:** Drawing on accounting theory as a theoretical lens, the paper explores how institutional and oversight structures may promote the use of performance and accounting information to enhance the delivery of health services. Guided by a purposive sampling strategy, empirical data is drawn from semi-structured interviews with a cross-section of stakeholders within public health services including members of the Parliamentary Committee on Health, policy makers, regulators, healthcare professionals and managers.

**Findings:** Findings highlight the prominent view regarding the stewardship and custodial value of performance and accounting information in enhancing budgetary and accountability processes. Nonetheless, caution is to be exercised in the course of providing such information through establishing appropriate oversight bodies in order to combat manipulative tendencies inherent within the political context of the public sector.

**Originality:** The paper makes a theoretical and policy contribution to performance and accounting literature by drawing on accounting theory to provide a comprehensive analysis of practices in the study area, thereby demonstrating not only the accountability value of information but also the role of institutional and oversight structures as internal control mechanisms.

## India's Parallel Economy and Tax Reforms: A Curative Measure

---

Samanta, Sasmita  
KIIT University, India  
Parida, Jayanta K.  
Utkal University, India.  
Email: [jayantakp123@gmail.com](mailto:jayantakp123@gmail.com)

**Purpose** - In India there is dual existence of two economies. One is legitimate economy operated as per state laws. The other one has its own set of transactions which are unreported and therefore, untaxed known as Black Money. The accumulation of such heavy heaps of undisclosed and illegal money in a shady manner forms a parallel economy. The black money prevails in every other countries of the globe but it is very thwarting for a country like India. The present paper aimed at designing a model approach of curative measures to topple black money menace in India with a view to minimize the further creation of black money and bring back funds laying abroad for productive use in India.

**Design** - This is being a conceptual paper, all government measures, policies, practices and achievements to unearth the black money in India have been thoroughly analyzed. Based on its merits and demerits and specialty, both primary and secondary data with Scheduled method has been used.

**Findings** - All amnesty schemes since 1951 have delivered mixed result in the sense that a sizeable number of tax evaders bend down themselves before the Government pressure and tips. Besides others like bearer bond, demonetization of currency the government came out with VDIS for eight times from 1951 to 1997. VDIS was a very unconventional but successful step. It was an indication of tolerance before hardening its stance to dig out black money and wealth. More than 350,000 individuals, with a sprinkling at companies firms disclosed their undisclosed income

**Research Implication** - The proposed model has been designed by taking facts and figures as well as views of few tax authorities and tax payers. This may not have the universal applicability rather more detail study may be carried out before final implementation.

**Social Implication** - With the help of factual information, as model amenity scheme has been proposed which may be implemented as last resort to amend to tax evaders. Government in a democratic country like India must have to look the various political as well as human aspects before repeating the same scheme. At the same time it is quite but impossible to punish as person who knowingly or unknowingly committed a blunder by not adhering to the income tax law. He or

she should be given ample opportunities to adopt the path of rectitude and civic responsibility before going for any rigid, drastic and harsh measures to arrest paralleled economy in India. The larger objectives would be to balance the interest of the nation and dishonest tax payer as well.

**Practical Implication** - India is a nation of 120 crores of people. The door for compromising with an errant tax payer should not, forever, be closed. A strong and rigid attitude would not only inhibit a sense of militant attitude but also would provoke him to take shelter under the court of law. The proposed model which has taken all other above aspects, if instituted in due consultation with stakeholders, hope to bring miracles of changes in the economic front of the nation.

**Originality / Value** - The proposed model amnesty scheme its first of its kind and posses all characteristics of a good scheme which takes both government as well as tax evader's interest into consideration. The scheme is meant for the cause and concern of 120 crores Indians. The Government should go for these proactive measures with strong political will to implement with modification if any.

**Keywords:** Parallel Economy, Black Money, VDIS, Howla, Amnesty Schemes

## **The Influence of the Accounting Profession on Standard-Setting in South Africa: the Case of the Adoption of IFRS for SMEs.**

---

Stainbank, Lesley  
University of KwaZulu-Natal, South Africa  
Email: [stainbankl@ukzn.ac.za](mailto:stainbankl@ukzn.ac.za)

**Purpose** - South Africa early adopted the International Accounting Standards Board's proposed *International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs)* in its exposure draft form in 2007. Using the adoption of the draft *IFRS for SMEs* and subsequent developments in standard-setting in South Africa, this paper examines the influence of the South African Institute of Chartered Accountants (SAICA) on standard-setting even though it is not the mandated standard-setting body.

**Methodology** – The research method is qualitative using primary and secondary sources of information.

**Findings** - Using regulatory theories and a critical analysis of the influence of the South African accounting profession on the adoption of *IFRS for SMEs*, standard setting in South Africa fits best into the public interest theories, although elements of interest group capture theory are present. SAICA continues to underpin standard-setting in South Africa through its influence on the Financial Reporting Standards Committee.

**Limitations** - A limitation of this paper is that not all the processes of the standard setting bodies and the accounting profession may have been examined.

**Originality** – The study is unique in that it provides a contextual analysis as to the unique reporting environment of South African companies using accounting theories.

**Keywords:** Differential reporting, due process, SMEs, IFRS for SMEs, regulatory theories

## Stock Market Development: An Assessment of its Determinants in Mauritius.

---

Matadeen, Jeevita  
University of Mauritius  
Email: [jv.matadeen@gmail.com](mailto:jv.matadeen@gmail.com)

Seetanah, Boopendra  
University of Mauritius, Mauritius  
Email: [b.seetanah@uom.ac.mu](mailto:b.seetanah@uom.ac.mu)

**Purpose** - It is by now widely recognized that a well functioning financial system is crucial to economic growth. New theoretical and empirical research works provide support to the growing assertion that stock markets, being part of the financial system, play important roles as well in economic growth. As such, it is now also of primordial importance to scrutinize the main driving forces which lead to expansion in the stock markets.

**Design/Methodology/Approach** - To this end, this paper scrutinizes the macroeconomic determinants of stock market development in Mauritius during the period 1989-2012 through a dynamic Vector Error Correction Model (VECM). The VECM model not only allows the analysis of the determinants of stock market development, but also accommodate for dynamics, endogeneity, causality and indirect effects.

**Findings** - The results indicate that macroeconomic factors such as economic growth, banking sector development, stock market liquidity, gross domestic savings, gross fixed capital formation and foreign direct investment are important drivers of stock market development in the island.

**Originality/Value** - The study enables us to determine what specific factors to promote in order to boost stock market development for the case of a small island developing state like Mauritius.

**Keywords:** Determinants, Stock market development, VECM, Co-integration,

## A Methodology for Assessing the Quality of Corporate Governance in Nigerian Banks

---

Adewole, Clement  
University of Jos, Nigeria  
Email: [clement\\_ade@yahoo.co.uk](mailto:clement_ade@yahoo.co.uk)

Mang, Job Niri  
University of Jos, Nigeria

Ayeni, Akitunde  
University of Jos, Nigeria

Otubor, Christopher  
University of Jos, Nigeria

Kairo, Innocent  
University of Jos, Nigeria

Effective corporate governance is becoming central to achieving success in the global business environment. Corporate governance rating entails attaching a measure to the quality of corporate governance mechanisms in organizations. Currently there is no industry-specific rating system in Nigeria which would factor in the peculiarities of the industry and thus bring out more meaningful and comparative ratings. This study designed a corporate governance rating structure for Nigerian banks, as a tool with which banks and other stakeholders can measure bank's corporate governance performance. This designed rating structure is industry (banking) specific, and utilizes a methodology designed majorly around the code of corporate governance for the banking industry issued by the Chartered Institute of Bankers of Nigeria in 2014. It is assumed that the banking industry aside the individual banks share some common culture and context, and as such developing a methodology around this industry would be invaluable. The resulting rating quotient is described as BI-CGQ (Banking Industry-Corporate Governance Quotient). The three pronged approach in this methodology used the following bases and weights in computing the BI-CGQ: Questionnaire Analysis (50%); Corporate Governance Disclosure Index (25%) and Loan Loss Index (25%). Its applicability was demonstrated in this research with the top 5 Nigerian banks which are listed among the leading 1000 Global Banks in 2014. Corporate governance quality was found to be evidently high in these top banks with BI-CGQ of 91.13% (GTB), 87.61% (Zenith), 89.58% (UBA), 91.36% (Access) and 82.62% (FBN). In addition to demonstrating the applicability of this methodology,

computing BI-CGQ for these banks enabled the determination of commonalities in the assessed performance of individual banks across the governance areas examined, which illustrated possible common governance challenges in specific areas. Results showed that different standards and expectations are set by board of directors, shareholders and customers. Banks appeared to be more challenged in governance matters relating to charges and interest, the manner customers complaints are attended to, and the clarity of terms and conditions to customers. Inadequate disclosure was found to be more glaring on matters relating to board committees. In spite of the criticisms that trail the use of corporate governance ratings, the system remains a useful guide in assessing quality of governance.

## Modelling Success in Commercialisation: Using a sample of African Microfinance Institutions.

---

Mboya, Josephat Kiweu  
Strathmore University, Kenya  
Email: [jmboya@strathmore.edu](mailto:jmboya@strathmore.edu)

**Purpose** - This study empirically examines both the process and the dynamics of commercial microfinance from the perspectives of commercial lenders' interests, and estimates the probability of success in tapping the financial markets for microfinance institutions (MFIs).

**Design/methodology/approach** - The data drawn from 21 African countries over 1998-2003 period were used to estimate a linear probabilistic model for predicting success. Cross-country data comprising 309 observations covering 103 African MFIs was sampled from the MIX MARKET™ microfinance database. The logistic regression model is estimated by the method of maximum likelihood as well as using random forests data mining technique. Several statistical techniques, including classification accuracy, goodness of fit and weighted efficiency are used in assessing the model's predictive performance.

**Findings** - A commercialisation success model is developed for tapping commercial funds by African MFIs. The findings suggest how MFIs can break free from 'captive' donor funding and switch to commercial finance in the industry. The key determinants of access to commercial capital are information transparency, repayment capacity, cash flow adequacy, ROA, fast growth, and inflation. Further, the study highlights that commercialisation leads to abandonment of the plight of the poor in search for more profits.

**Research limitations/implications** - A MFI's mission and its overall sustainability (profitability and liquidity) strategy and growth prospects, coupled with adequate disclosure of financial reports, is associated with successful commercialisation and leads to its integration to the financial markets. The superior predictive abilities of the C- index model imply that it is possible to develop a uniform commercial success prediction rule for MFIs in Africa.

**Originality/value** - This study is perhaps the first attempt to model commercialisation of microfinance in Africa. The paper adds to the existing literature by testing one of the major contentions in microfinance debates, the mission drift theory.

**Keywords:** Logistic models; attraction factors; commercial index, and financial markets; predictors of success; commercial microfinance; success in commercialization: Africa

## Italian Statutory Auditors: The Hegemonic Survival of a Unique Accounting Governance Institution

---

Jones, Michael J  
Bristol University, UK  
Email: [Michaeljohn.Jones@bristol.ac.uk](mailto:Michaeljohn.Jones@bristol.ac.uk)

The Italian Statutory Auditors came in to existence in 1882, 21 years after Italian independence. It plays a supervisory, corporate governance role and was one, if not the first, corporate governance institutions in the world. It has come under constant criticism, but its essence it has survived, largely unchanged through to the present day. This is in terms of both its functions and its members. This article explores its survival from 1882 to 2015 through two world wars, Italian fascism, the establishment of a democratic state and Italian membership of the European Union. Using Gramsci's hegemony theory, this article shows that the survival of this accounting institution can be explained more by its social than its accounting function. The Italians who constitute the members of company statutory auditors' boards are the Italian professional and business elite comprising professionally qualified, mature, Italian males. They are well-remunerated and have resisted attempts to discontinue their role. The Italian statutory auditors nowadays coexist alongside the internal auditors, external auditors and the audit committee. In no other country has a statutory auditors' board played such a significant role and it is very rare for an accounting institution to have survived over 130 years.

**Keywords:** Accounting History; Gramsci's Hegemony Theory; Italian statutory Auditors

## A Regional Approach to Regulating African Cross-Border Banks.

---

Salami, Iwa  
University of East London, UK  
Email: [i.salami@uel.ac.uk](mailto:i.salami@uel.ac.uk)

**Purpose** - To devise a robust regional financial regulatory framework that is commensurate to the increase in African cross-border banks in order to preserve regional financial stability.

**Design/methodology/approach** - Adopts international and comparative legal research in assessing the extent to which the European Union's (EU) newly emerging financial regulatory framework can be adopted to the African context.

**Findings** - The current international standards for regulating cross-border banks have limitations when applied to African banks. A regional approach is more feasible but while the most comprehensive regional model exists in the EU, this framework is not without its challenges. The huge legal and regulatory disparities of the two regions also make a direct transplant of the EU framework to African context unrealistic. Nonetheless, the EU legal and institutional framework is instructive in highlighting the preconditions for a robust regional model and to that extent, can be considered by the African region.

**Practical implications** - Promotes regional financial stability but necessitates regional cooperation among African financial regulators and commitment from African governments in facilitating this process.

**Social implications** - A robust framework reduces the chances of financial instability which has far reaching economic consequences for citizens and businesses in African countries.

**Originality/value** - Devising an African regional approach to regulating African cross-border banks and outlining preconditions for designing such a framework drawing from the EU experience.

**Keywords:** African cross border banks, Financial stability, Financial regulation, regional framework

## Auditing Challenges in the Indian Local Governments

---

Tidke, Sunita

Prahladrai Dalmia Lions College of Commerce and Economics, India.

Email: [drsunitatidke@gmail.com](mailto:drsunitatidke@gmail.com)

The objective of the study is to align its provisions to the recently notified provisions adopting leading industry practices on corporate governance and to make the corporate governance framework more effective. With requirements of the recent norms warranting organizations to provide assurance to the Board of Directors and Audit Committees on adequacy of internal financial controls, effective risk management processes, Anti-fraud controls and effective legal compliance framework, the Internal Auditor would need to review and re-define its role and fulfill its role as an important vehicle and an enabler of good corporate governance.

Data of the study were collected through research assistant employed, in which 500 questionnaire were sent to internal auditors, audit committee and chairman of local government or their representatives within the sampled local government in India. The study used stratified random sampling, in which samples were drawn from six geo- political zones in India; data were analyzed using Statistical Package for Social Science (SPSS) version 21. Descriptive statistic, factor analysis, correlation matrix and finally, multiple regression analysis were carried out. The result findings of the analysis revealed that, all antecedents have a significant positive relationship with internal audit effectiveness. Finally, conclusion was provided and the direction for future research was also provided.

The paper is a literature review paper and the paper concluded that effective internal control system can influence the effectiveness of internal auditors at local level.

**Keywords:** Antecedents, Internal audit effectiveness, Local government, India

**A Critical Analysis of the Financial Reporting Practices of  
Islamic Financial Institutions (IFI)**

---

Dhai, Riaz

University of Kwa Zulu Natal, South Africa

Email: [dhai@ukzn.ac.za](mailto:dhai@ukzn.ac.za)

The inherent differences between Islamic and conventional finance have given rise to a debate on whether conventional accounting standards provide sufficient disclosure in the annual financial statements of Islamic financial institutions (IFI). This issue has become more pronounced due to the rapid growth of IFIs over the last decade. This paper seeks to collate the literature surrounding this debate as well as summarise the key macro and micro level financial reporting differences between conventional and Islamic accounting. We find the need to investigate further the case for a separate conceptual framework for Islamic accounting based on Islamic financial principles, a review of whether a separate set of accounting standards would be more appropriate than a modified set of conventional accounting standards and the need for further empirical evidence documenting the financial reporting practices of IFIs at present.

**Keywords:** Islamic finance, accounting, Islamic financial institutions

## **Should the Mauritian Laws on the Financial Services Sector be amended to Further Protect Banking and Financial Services Consumers?**

---

Uppiah, Marie Valerie  
University of Mauritius, Mauritius  
Email: [m.uppiah@uom.ac.mu](mailto:m.uppiah@uom.ac.mu)

On Friday 3rd April 2015, many Mauritians woke up to the news that the banking license of one of the most prestigious banks of the country was revoked the previous night and that the license of an insurance company was suspended.

Then followed a series of debate with regards to the effectiveness of the regulation of the banking and financial sectors in Mauritius. On the one hand, many commentators describe the existence of this particular insurance company as a Ponzi scheme while on the other hand, banks customers are voicing out their concerns that they are not sufficiently protected under the prevailing banking laws.

The aim of this paper will be to analyse the effectiveness of the banking and financial services laws in Mauritius in protecting bank customers and regulating the financial crime of Ponzi schemes.

The sections of the Banking Act 2004 and the Bank of Mauritius Act 2004 will be examined so as to evaluate the level of protection that these two laws confer to bank customers. It is clear from the outset that these two acts do not defined who is a bank customer and the degree of legal protection afforded is weak. It would be analysed that these are the major flaws of the Mauritian banking system.

In addition to this, the sections of the Financial Services Act 2007 and the Financial Intelligence and Anti Money Laundering Act 2012 will be analysed in order to assess their effectiveness in regulating Ponzi schemes in Mauritius. It should be noted that neither in the Financial Services Act 2007 nor in the Financial Intelligence and Anti Money Laundering Act 2012 has the definition of a Ponzi scheme been given. Therefore regulation and enforcement of the law with regards to this financial crime is difficult to analyse and applied.

Hence, this paper will provide for a series of recommendations in order to amend the laws so that stronger protection be given to bank and financial services consumers and a more effective legislation be enforced in order to protect financial services consumers in connection with Ponzi scheme activities.

The research method that will be used in drafting this paper will be a black letter approach whereby there will be an in-depth analysis and evaluation of the various banking and financial laws of Mauritius.

## IFRS Convergence and Revisions: Capital Market Evidence of Accounting Information Quality from East Africa.

---

Outa, Erick R.  
Strathmore Business School, Kenya  
Email: [ericouta2002@yahoo.co.uk](mailto:ericouta2002@yahoo.co.uk)

**Purpose** - The purpose of this study is to examine the value relevance of accounting information arising from convergence and annual revisions to IFRS/IAS between 2005 and 2014. Simultaneously, the research tests the influence of corporate governance and tax on the same quality of accounting. It adopts the perspectives of stock market investors in line with IASBs qualitative characteristics of information in financial statements.

**Design** - The research design applies Ohlson's price model with GLS random effects model to regress market capitalization per share on earnings per share, book value per share and controls.

**Findings** - From the 520 firm year observations, the GLS results showed significant positive relationship between market price, net income and equity book value.  $R^2$  also improved in the post revision period and both indicators suggest value relevance improved contrary to the mixed findings in prior studies. The study did not find a significant relationship between corporate governance and accounting information quality.

**Originality/Value** - The current study offers insights on the impact of convergence and annual revisions and provides empirical evidence that convergence projects and revisions have improved accounting information in an under researched common law countries of East Africa. The findings of this research will be useful to professional accounting institutes, regulators and their global partners (IASB, OECD) in their quest to improve accounting standards.

**Keywords:** IFRS, IAS, Accounting quality information, Convergence, East Africa

**Environmental Disclosure by Listed Manufacturing Companies  
in Nigeria**

---

Lucky Onmonya

Ekoja Benjamin Ekoja  
University of Jos, Nigeria  
Email: [ekoja858@gmail.com](mailto:ekoja858@gmail.com)

There has been growing public concern in the last three decades on how companies operating in environmentally sensitive industries such as manufacturing have caused alarming pollution, global warming and other forms of environmental damage. The adverse impact of industrial production has become a threat to the physical environment as well as creating health hazard which is detrimental to host communities, customers and employees and society at large; leading to increasing agitation for companies to disclose environmental information on environmentally friendly activities or investment that eliminate adverse environmental impact and safeguard the environment. It is in this light that this study investigated the extent of environmental disclosure by manufacturing companies listed in the Nigerian Stock Exchange (NSE). The main objective was to determine the level of environmental disclosure in annual reports of listed manufacturing companies from 2004 to 2013. The interesting new insight of the study is the focus on the entire manufacturing sector using Corporate Environmental Disclosure Index (CEDI) that utilizes the Global Reporting Initiative (GRI) guideline to assess the extent of environmental disclosure. Previous studies on the manufacturing sector were conducted using limited time scale and considered very few manufacturing companies or based on a particular industry type within the manufacturing sector for comparative and cross-sectional descriptive analysis. In addition to cross sectional design which was used to assess and compare environmental disclosures across sub-sectors, this study incorporated longitudinal-descriptive design. Descriptive design was adopted because it explores and explains the extent of environmental disclosure in annual reports by selected listed manufacturing companies. Thus, the volume and trend of environmental disclosure as well the pattern of disclosure themes and location in annual reports were described. The source of secondary data is the corporate annual reports obtained from the NSE for thirty out of the forty-six listed manufacturing companies. In line with previous researches, the data obtained were analysed using content analysis. The thirty companies were selected using stratified random sampling technique that is consistent with the assumption of the central limit theorem. This represents 65% of the population. Result shows that environmental disclosure is low and haphazard.

However, there is a steady increase in environmental disclosure from 2004 to 2013 despite the absence of mandatory environmental disclosure regulation in Nigeria. This suggests that organisational response to voluntarily environmental disclosure is targeted to gain, maintain or defend legitimacy to operate in the face of heightened international and local campaign, advocacy and regulations for mitigating environmental damage and ensuring sustainability. This study recommends that there should be collaboration between the National Environmental Standard and Regulatory Agency of Nigeria and Financial Reporting Council of Nigeria to sufficiently address environmental issues in annual reports. The policy implication is the possible development of a standard for environmental accounting and reporting by the Financial Reporting Council of Nigeria.

## Disclosures on Employee Health and Safety: Event Controllability and the Assignment of Causal Responsibility.

---

Uche, Chinyere  
University of Bristol, UK  
Email: [Chinyere.uche@bristol.ac.uk](mailto:Chinyere.uche@bristol.ac.uk)

Osemeke, Louis

Patten, Den  
Illinois State University, USA  
Email: [dmpatte@ilstu.edu](mailto:dmpatte@ilstu.edu)

**Purpose** - This study examines social accounting disclosures of information on events associated with employee health and safety. We examine how the assignment of causal responsibility for a negative event reduces the flow of negative information in corporate disclosures. At the same time, we investigate the different forms of account used in the assignment of causal responsibility within the framework of event controllability.

**Design/methodology** - Our evidence is based on a case study of Shell Plc. We analyse Shell Plc's corporate disclosure of employee health and safety-related events in its annual reports and sustainability reports. These are reports that cover the period 2002-2012. The study adopts a mix method of quantitative and qualitative content analysis.

**Findings** - We use our data to illustrate how information on event controllability is used to define whether and how causal responsibility is ascribed for negative events.

**Research Implication** - We provide empirical evidence that suggests that the way a company presents information on event controllability affects the explicit disclosure of, and implied causal inferences.

**Originality** - Presently, we lack a theory that links event controllability and causal responsibility in social and environmental literatures. We bridge this gap through the study of employee health and safety-related events, a relatively unexplored form of event

**Keywords:** Event controllability, causal responsibility, employees, health and safety, Shell Plc

## Fiscal and Monetary Policy Dynamism in the Sub-Saharan Africa Frontier Markets

---

Boateng, Sarah S.

Ghana Institute of Management and Public Administration, Ghana

Email: [ssboateng@gimpa.edu.gh](mailto:ssboateng@gimpa.edu.gh)

Emmanuel N. Abbey

University of Ghana, Ghana

**Purpose** – This paper investigates the relationship between fiscal and monetary policies on economic growth using countries within the Sub-Saharan Africa Frontier Markets (SSAFMs). This is to place SSAFM in the right perspective with respect to how the volatile effects of the international capital market could be managed, should any related risks materialize. This paper explored the dynamism of fiscal and monetary policy on economy growth in the Sub-Saharan Frontier Markets (SSAFMs).

**Methodology** – A balanced panel of five countries in the SSAFMs, for a period of 28 years (1985-2012), were used for the estimation. The datasets obtained from the World Development Indicators of the World Bank. The Granger Causality test as well as the causality testing procedure due Dumitrescu-Hurlin (D-H) was used to establish causalities. To analyze the relationship between fiscal and monetary policy measures on growth the pooled mean group (PMG) estimates and the mean group (MG) estimator results were computed.

**Findings** - It was established that monetary policy (Granger) causes fiscal policy; stated differently, monetary policy has been the dominant force accommodating the challenging fiscal stance in the SSAFM.

**Research limitations/implications** – Future studies could focus on the effect of macro-prudential policies on economic growth

**Practical implications** – It is recommended that appropriate monetary policies could be used to address the vulnerabilities that may arise out of the integration of the SSAFMS into the global financial market.

**Originality/value** – The main value of this paper is to empirically project the dynamism of fiscal and monetary policy on economy growth in the Sub-Saharan Frontier Markets (SSAFMs).

**Keywords** – Monetary Policy, Fiscal Policy, Economic growth, and Sub-Saharan Frontier Markets (SSAFMs).

## The Design and Use of Management Control System in a Chinese Multinational Corporation: An Institutional Explanation of Cultural Influence

---

Li, Xinxiang  
University of Southampton, UK  
Email: [Xinxiang.Li@soton.ac.uk](mailto:Xinxiang.Li@soton.ac.uk)

Soobaroyen, Teerooven  
University of Southampton, UK  
Email: [t.soobaroyen@soton.ac.uk](mailto:t.soobaroyen@soton.ac.uk)

**Purpose** – This paper investigates the role of management control systems (MCS) in a Chinese multinational construction company. In particular we explore how MCS rules and mechanisms relating to budgetary control, cost control and performance measurement system were designed in the case company's head office in China, and subsequently investigate how these formal rules and mechanisms were implemented in one of its overseas subsidiaries in Ghana.

**Design/methodology/approach** – In-depth semi-structured interviews were conducted with top and middle managers in both research sites. Field observations and managerial documents reviews were also adopted for supporting the interview-based data. Insights from neo-institutionalism, especially from Scott (2008)'s theoretical classifications of regulative, normative and cultural-cognitive institutions are introduced as the explanatory framework to interpret and analyse case findings.

**Findings** – Findings from the head office showed how regulative and normative institutional pressures conflictingly and simultaneously circumscribed the company's design of MCS. Whilst the MCS was designed in consistence with regulatory power in terms of the government's pursuance of marketization, it also revealed an authoritative control mode by emphasising on centralization, compliance and military approaches, which implied the managers were still partially restricted by the residue of the organization's former identity as a state-owned enterprise (SOE), as well as the imprinted social norms of the Chinese planned economy system. The findings of MCS implementation further showed although rules were imposed in the Ghanaian subsidiary, managers rationally created practical variations as a localized approach to respond to the contradictions in the setting of MCS rules and mechanisms, and adapting to the local political and market needs. However, due to individuals' cognitions were shaped and reflected by certain intrinsic notions that derived from the interactions between regulative and normative institutions, which in turn concomitantly formed specific logics that used by Chinese managers in managerial practices.

Informed by Scott (2008)'s idea of a cultural-cognitive institutional order, we argued that the unique Chinese culture as the fundamental institutional logic that provides the infrastructure on which not only beliefs, but norms and rules rests. Two characteristics of Chinese culture have been identified to explain the rationalities behind the problems of MCS design and use in the case company. Firstly, we argued that "Guanxi" (personal relationship) maintenance constitutes a significant part of management control routines. Through the building of affective ties among individuals, it is likely to enrich the unity and harmony of inner organization, by which the conflicts and divergence of MCS rules and routines would be mediated and avoided. Secondly, the unique family-oriented social order in China results in a taken-for-granted endorsement of hierarchy and power differences, in which the paternalistic approach are likely to be accepted, and in fact even expected in the use of MCS. This argument would not only explain the prevalence of a rule-based tight mode in this case company, and to a certain extent it also helps to understand why the governmental centralized SOE structure and its underlying planned economic notions are still inherently playing a role in the management of Chinese corporations.

**Originality/value** – Due to the increasing establishment of Chinese multinational corporations in emerging and less-developed economies, this study offers a new insight for research in the study of MCS in non-western contexts, in order to enrich the literature in the area of MCS development and dissemination. This study also contributes to the theoretical development of management accounting research since a cultural-cognitive institutional explanation appears to be a cogent framework to address the conflict and complexity of MCS adoption in cross national setting. Moreover, the particular case of a construction company will expand the current case study research since this sector, in spite of its size and importance in modern economies, rarely features in management accounting research. Lastly, this study provides important insight about Chinese culture and its influences on MCS development, and seeks to add to extant cross-cultural accounting literature. Despite recent work still remains over-influenced and limited by Hofstede's notions of national culture, this study points out that the different facets of Chinese culture (Guanxi, family-orientation, etc.) are relevant to the design and use of MCS in Chinese multinational corporations.

**Keywords:** Chinese culture, Ghana, Multinationals, Management control, Neo-institutionalism

## Analysis of Economic Transformation Intervention in South Africa - The CA Charter

---

Ngcobo, Raphael  
University of South Africa, South Africa  
Email: [ngcobrn@unisa.ac.za](mailto:ngcobrn@unisa.ac.za)

Ladzani, Watson  
University of South Africa, South Africa  
Email: [wladzani@unisa.ac.za](mailto:wladzani@unisa.ac.za)

**Purpose** – The purpose of this paper is to conduct an analysis of the chartered accountancy profession sector charter with other sector charters. This is to ascertain if the chartered accountancy profession charter is a workable strategy to address economic transformation within the accountancy profession in South Africa

**Design/methodology/approach** – Desktop research method was used for this paper. Content analysis was used to analyse the chartered accountancy profession's charters with the aim to ascertain if it is a workable strategy when compared with other sector charters to address the limitation of growth of black people in the chartered accountancy profession.

**Findings** – The analysis of the selected sector charters shows that the chartered accountancy sector is committed to economic empowerment in South Africa. This sector has however set aggressive targets on employment equity and skills development when compared with the financial and construction sectors.

**Originality/value** – This analysis and comparison is useful in guiding the stakeholders within the accountancy profession in their vision to accelerate the transformation process within the profession. Furthermore, it is hoped that this paper will stimulate substantive discussions around economic transformation strategy designed by government and business to redress economic inequality in South Africa.

**Keywords** Broad-Based Black Economic Empowerment, Charters, Chartered Accountancy, Sectors, South Africa

## Impediments in Raising Finance: The Case of Mauritian SMEs

---

Cheemontoo, D

K. Padachi

University of Technology, Mauritius

Email: [kpadachi@umail.utm.ac.mu](mailto:kpadachi@umail.utm.ac.mu)

**Purpose** - Access to bank finance has been cited as one of the most common problems faced by SMEs and acts as a major constraint to their growth. The purpose of this paper is to identify the main factors inhibiting Mauritian SMEs in raising bank finance.

**Design/Methodology/approach** - The methodology used to collect primary data for this study involves both a survey questionnaire administered to owner-manager of firms operating in eight main industry groups of the Mauritian manufacturing sector and interviews with bank managers. The important variables that affect both supply and demand for financing are examined.

**Findings** - The research findings provided some evidences as regards to the difficulties firms faced in accessing bank loans. They are constrained by the lack of collateral and inability to formulate good business plan and financial statements. On the other hand firms experiencing considerable information costs and having shorter term bank relationship faced more problems in gaining access to bank finance. There was also evidence that firms' and owner-managers' characteristics such as, age and size of the firm, industry sector, gender, level of education and experience influence access to bank finance. More importantly owner managers' lack of knowledge, management skills, and experience prevent them from gaining access to bank finance. The study also found that smallest and younger firms reported the greatest difficulties in accessing bank loans. It is also observed that due to these constraints, owner-managers followed the pecking order theory while financing their ventures.

**Research limitations/implications** - The sample size is relatively small. It is to be pointed out that the Mauritian business community is not used to this kind of survey. Many owner-managers flatly refused to participate for fear of disclosure of confidential information. Hence, only limited information was available making it difficult for analysis.

**Practical implication** - The findings of the study will be of great use to financial institutions funding SMEs and policy-makers.

**Originality/value** – The results from this study contribute to the understanding of current problems in financing Mauritian SMEs. These include findings, which were not presented in other similar studies.

**Keywords:** Access to bank finance, Mauritian SMEs, Pecking Order, Financial Constraints

## Enhancing Students' Employability Prospects: The Use of Role Play as a Teaching and Learning Strategy in Corporate Governance.

---

Okike, Elewechi

Academy for Excellence in Education (AFEXED), UK

Email: [elewechi.okike@afexed.com](mailto:elewechi.okike@afexed.com)

**Purpose** - The paper provides evidence that the use of experiential learning, such as role-plays, as a teaching and learning strategy enables students to acquire skills that are relevant to the real world, and has the potential to give them a competitive edge in the scarce labour market.

**Design/methodology/approach** - In the 2011/2012 academic year, role-play was introduced as a teaching and learning strategy in the delivery of the Corporate Governance and Audit Module to final year Business and Management students at the University of Sunderland to enable them acquire real life experiences and relevant skills in the classroom environment that will prepare them for the world of work. Each week students worked in different groups, constituting themselves into corporate boards, taking on roles as Chair of Board, executive and non-executive directors, members of different board committees, shareholders, prospective investors, auditors and various stakeholder groups. The sessions were video recorded each week, and feedback provided to students, which helped them improve their skills even further. A questionnaire was administered to students at the end of the term to assess the impact of this strategy. This approach is located within Kolb's experiential learning theory or the theory of learning by doing.

**Findings** - The result was outstanding, as the strategy increased their understanding of the subject and enabled the students to develop employability skills such as team working, self-management, problem solving, communication and literacy, leadership skills, confidence, amongst others. It enriched the experience of the students and got them actively engaged with the module. The students also developed social and networking skills, as every week, they had to work with a different set of peers.

**Research limitations/implications** - Whilst students gained real-life skills, the impact on their performance in the exam was not captured. This would be an interesting area for future research. Although majority of the students passed the module, it was not possible to distinguish the effect of the role-plays on their individual performance in the assessment.

**Practical implications** - It is now generally acknowledged that just having a good university degree no longer guarantees a job in the market place. Besides, the

current economic climate makes it even more difficult for graduates to secure jobs. This means that those employers, who are able to offer job opportunities, are looking for graduates who are not only knowledgeable, but also who possess the right skills and relevant experience. Work placements are useful in equipping students with the right skills and experience required in the workplace. However, placement opportunities where students can gain relevant experience are not always readily available. Moreover, a number of students are now engaged in part-time or full time employment, whilst studying for their degree, and as a result, very few are taking up placement opportunities. How then do students gain the experience and acquire the skills required in real life? Furthermore, institutions are looking for ways in which students can adequately engage with their academic programmes and participate actively in their seminars, workshops and other aspects of university life. The use of role-play helps to fill this gap. The students gained real life skills in the classroom and were not passive.

**Social implications** - Higher education institutions must continually find innovative ways to, not only engage students meaningfully in the classroom, but also to ensure that the curriculum is structured to prepare students for the world of work. If by the time students complete their studies they have been actively engaged in experiential learning, such as role-plays, and gained real life skills in the classroom, it has the potential to enhance their employability prospects. The fast pace of developments in the global economy suggest that institutions must be creative in their teaching and learning approaches in order to equip students with the right skills that will be relevant in real life.

**Originality/value** - This paper contributes to the current debate about enhancing the employability prospects of graduates. It also contributes to knowledge in the area of students' engagement. It is the first paper to report the use of role play in a corporate governance module.

**Keywords** - Role-play, teaching and learning strategy, employability, students' engagement

## Does Compliance Matter in Surveillance of Nigerian Banks? A Critical Examination of the Central Bank of Nigeria Code of Corporate Governance

---

Abdullahi, Sadiq Rabiu  
Bayero University, Nigeria

Ibrahim, Mas'ud Usman  
Coventry University, UK  
Email: [masud.ibrahim@coventry.co.uk](mailto:masud.ibrahim@coventry.co.uk)

**Purpose** – This paper assesses whether or not banks in Nigeria comply with the provisions of Central Bank of Nigeria's Code of Corporate Governance (CBN CCG) issued in 2006 and discusses the potential implications of compliance for a proposed Basel III framework.

**Design/methodology/approach** – A sample of fifteen banks selected from the entire 22 listed banks in Nigeria was critically analysed based on compliance index developed from 2007 to 2011(post-CBN CCG period).

**Findings** – The results indicate that average compliance level with the CBN CCG 2006 of all the banks within the period is 65% suggesting lack of full compliance with the code.

**Research limitations/implications** – Compliance in the context of the Nigerian banks entails a strict adherence with all the code of corporate governance provisions stipulated in such a manner that no requirement is left unobserved. Further research investigating key determinants of compliance/non-compliance to the CCG is very crucial in understanding the context of compliance with CCG.

**Practical implications** – Despite the evidence showing positive association between compliance with CCG and investor confidence, there is no evidence that Nigerian banks appreciate the value of such compliance. The results of this study imply a serious negative ramification on the compliance level with the Basel III and potential loss of confidence of international investors.

**Originality/value** – The essence of compliance to boosting investor confidence is paramount in emerging world particularly with the recent accounting scandals that reshape our views of various aspects of CG. No any framework for measuring compliance is in place by the central bank. Therefore this study establishes a pragmatic framework that will assess the degree of compliance by the Nigerian banks with a view to ensuring safeguard of the depositors' funds and re-building investors' confidence in the Nigerian financial system particularly in the aftermath

of the financial crisis that negatively affected banks across the globe. This measurement yardstick will also help in periodic assessment of compliance with other rules such Basel III.

**Keywords:** Code of corporate governance, compliance index, financial regulation, banks, investor confidence, Basel III.

**Adoption and Implementation of EPICOR Accounting Systems  
in the Tanzanian Local Government Authorities: A New  
Institutional Sociology (NIS) Perspective.**

---

Mzenzi, Siasa Issa  
University of Dar es Salaam, Tanzania  
Email: [siasamzenzi@yahoo.com](mailto:siasamzenzi@yahoo.com)

**Purpose** - The purpose of this paper is to explore the adoption and implementation of EPICOR accounting systems in the Tanzanian Local Government Authorities (LGAs) using New Institutional Sociological (NIS) theoretical framework.

**Design/Methodology/Approach** - This paper interviews key individuals involved in the adoption and implementation of the accounting systems in the LGAs and these include accountants, internal auditors, external auditors, and technical staff at the parent ministry. Corroborative evidence was gathered through documentary reviews and observation of the system implementation in one LGA.

**Findings** - The paper finds that coercive pressure from the Government and donors was responsible for the adoption of the system in the case organisations. It further observed that the implementation of the system in the Tanzanian LGAs was encircled by a number of technical challenges such as unreliable power supply, limited functions of the system, inadequate competence of system users, inadequate own sources to effectively finance system maintenance costs, poor network connectivity, and remotely, self-interest behavior of some councils' officials. As a result, the system was not effectively integrated in the Councils' operations and the manual system was predominantly used.

**Practical Implications** - The findings indicate that the maximum potentials of the system can only realized when there is supporting technical environment for the implementation of the system in the Tanzanian LGAs.

**Originality/value** - Most studies of the adoption and implementation of the accounting systems in the public sector have focused on the developed countries; this is one of the few papers which explores the phenomenon in the context of emerging economies.

**Keywords:** Accounting System, Local Governments, New Institutional Sociology, Tanzania

## **National Health Insurance: The Most Appropriate Method of Financing it.**

---

Tu, Terry  
University of the Witwatersrand  
Email: [jauleu@yahoo.com](mailto:jauleu@yahoo.com)

Turner, Magda  
University of the Witwatersrand  
Email: [magda.turner@wits.ac.za](mailto:magda.turner@wits.ac.za)

This research paper seeks to answer the question, “How should National Health Insurance be funded using the current tax system in South Africa to achieve the best outcome for all citizens within its population?” In order to address the main question the following sub questions needed to be answered. Firstly, should the tax to fund the National Health Insurance system be a progressive or regressive tax? Secondly, should the National Health Insurance fund apply the concept of pooling of funds or should the hypothecation of funds be implemented? The final question was: What method should Government implement in order to collect the funds that are required?

The research methodology adopted was exploratory interpretive research as it dealt with the opinions of respondents which were aggregated. This method was best suited as the goal of the research was to obtain and explore knowledgeable individuals’ opinions on what the best financing methods were and to identify the factors that influenced the decision. The method consisted of a normative study focusing on a literature review of relevant draft legislation, journals and publications and articles published on selected reputable websites. A questionnaire was developed from information obtained through the literature review and once properly constructed the questionnaire was used to gather new data and opinions on methods to fund the proposed National Health Insurance.

This research is an important contribution for both Government and ordinary citizens in making a decision on the most appropriate method of financing the proposed National Health Insurance in South Africa. In order to gather new data and opinions on methods to fund the proposed National Health Insurance, a sample, of 91 people, consisting of 40 tax practitioners (44%), 33 academics (36.2%) and 18 economists (19.8%). All questionnaires were correctly completed, no ethical issues were raised and no concerns regarding the accuracy of the questionnaire were noted. The data was subjected to various statistical analysis methods including, factor analysis, Kruskal-Wallis tests and Cluster analysis.

The results revealed that the respondents were of the opinion that an increase in VAT would be the most appropriate method of financing National Health Insurance. The analysis also revealed that reason the respondents felt this way as an increase in VAT was perceived as justifiable, fair and efficient. The research also showed that all the respondents surveyed were opposed to an increase of taxes on individuals or an introduction of payroll taxes.

Finally, the paper investigated whether or not the funds should be ring fenced specifically for National Health Insurance or added to the general fiscus for budgetary allocation. It was the opinion of the respondents that the funds should be specifically ring fenced for National Health Insurance. The research suggested that the respondents were of this opinion that ring fencing the funds would create more accountability over the funds and the funds would not be subject to political infighting during the budgetary process.

**Keywords:** National Health Insurance, Progressive tax, Regressive tax, Hypothecation of funds

## The Need for Accounting Training Packages for Small-Scale Firms in Rural Mauritius

---

Betchoo, Nirmal Kumar  
Université des Mascareignes, Mauritius  
Email: [betchoonirmal@yahoo.com](mailto:betchoonirmal@yahoo.com)

**Purpose** - This paper basically examines the need for accounting education and training for small-scale businesses in Mauritius and the need to use accounting software packages in such organisations.

**Design/methodology/approach** - For the purposes of the study, the researcher selected two rural locations in Mauritius namely Pamplemousses and Flacq. Around thirty small businesses were targeted with a turnover varies between Rs 125 000 to Rs 1 million.

**Findings** - The exploratory research states that there is a positive attitude towards using accounting software packages in Mauritius regarding small firms. The selected companies were in favour of adapted accounting packages that they could effectively use for the day-to-day activities while ensuring that they adopt the regulatory business practices.

**Research limitations/Implications** - Although the research is valid within the parameters defined - thirty companies on average in two rural districts in Mauritius - it cannot be compared to the remaining seven coastal ones.

**Practical Implications** - The practical implication of the research is that small-scale businesses in rural areas of Mauritius require tailor-made accounting packages to perform better. The use of accounting packages might encourage such businesses to be future-oriented and ready to face long-term survival.

**Social Implications** - This research is undertaken at a time when Mauritius calls for good financial governance and performance from small businesses when accounting packages can effectively boost their efficiency and effectiveness.

**Originality/value** - The research is original in the sense that it addresses the use of accounting packages from a rural perspective while Mauritius posits itself as an intelligent island with a sound financial governance policy.

**Keywords:** Accounting packages, small-scale firms, rural Mauritius.

**Gender and the Practice of Accounting Profession: A Perception  
Study of Plateau State, Nigeria.**

---

Jatau, Ulan Victoria  
University of Jos, Nigeria  
Email: [uvjatau@yahoo.com](mailto:uvjatau@yahoo.com)

Michael, Emmanuel Edache  
University of Jos, Nigeria

Moses, Olayinka  
University of Jos, Nigeria

**Purpose** - To examine if there is any significant difference in the number of male and female in the accounting profession in Nigeria and whether the gender of an accountant has any influence on his/her performance in Nigeria.

**Design/methodology/approach** – The study is a descriptive survey. The researchers administered 85 questionnaires which were completed and returned. The simple percentage was used to analyse the collected data for descriptive result, while the Kolmogorov Smirnov (K-S) Test and ANOVA were used to test the stated hypotheses. We approach this study from the liberal feminism theory

**Findings** - It was found that a significant difference exists in the ratio of male and female in the accounting profession, but gender has no significant effect on the performance of professional accountants in Nigeria. This study found that female accountants, though in large number are still no match to the number of males in the profession even though performance-wise there seems to be no difference. These evidences do suggest that females are not intellectually dwarf and are likely to encourage more female enrolling in courses that have over time enjoyed masculine dominance.

**Originality** – The paper investigates the effect gender has on the accounting profession in a Nigerian context, which has previously been unexplored.

**Keywords:** Gender, Accounting profession, feminism

## Exploratory Research on the Role of Corporate Board of Directors from an Emerging African Market Perspective.

---

Areneke, Geofry Nfortaw Agbor  
The Open University, UK  
Email: [geofry.arenke@open.ac.uk](mailto:geofry.arenke@open.ac.uk)

Kodwani, Devendra  
The Open University, UK  
Email: [devendra.kodwani@open.ac.uk](mailto:devendra.kodwani@open.ac.uk)

Viney, Howard  
The Open University, UK  
Email: [howard.viney@open.ac.uk](mailto:howard.viney@open.ac.uk)

**Purpose** - Extensive investigation of the role played by boards of directors and their influence upon corporate governance and firm outcomes in developed economies has to date not been matched by similar detailed analysis of these themes in emerging economies and particularly in Africa. This exploratory study of Cameroonian corporate governance behaviour aims to begin to address this deficiency by focusing upon the functions of boards of directors. Specifically this study will examine the extent to which the role and function of the board influences or shapes the firm's ability to deliver effective corporate governance and how this may be seen to impact upon a firm's performance

**Design/methodology/approach** - The study employed an exploratory research design and a mixed method research approach by focusing upon board role constructs of control (testing ideas emerging from Agency Theory), resourcing (Resource Dependency Theory), advising (Stewardship Theory) and attending to stakeholder interests (Stakeholder Theory). Primary data was collected using various methods: survey, semi-structured interviews and archival data.

**Findings** - The study identified 'board critical debate' and 'board commitment' as the key predictor's necessary to understand the role of boards. Initial results suggest that (i) amongst the predictors, board commitment is far more useful than critical debate to anticipate board role and performance, (ii) that although boards perform a multiplicity of functions, the resource providing role was identified as the most important, followed in order by strategic and behavioural control, advisory role, strategic participation, output control and fulfilling stakeholder expectations, and (iii) the performance of boards' has a significant impact upon the performance of firms and that more active boards tend to have a positive effect on firm performance. The study also suggests that, boards that are majority

shareholder oriented have a negative effect on the firm's performance with the possibility of serious principal-principal conflicts.

**Practical Implications** - The study recommends (i) the need for corporate governance visibility within emerging economies and (ii) the protection of minority shareholders in emerging economies where concentrated ownership is high and the absence of external and strong institutional governance mechanisms breeds serious principal – principal conflict between minority and majority shareholders . As research on the function of boards in Africa is embryonic, the study suggest that future research should aim at exploring (i) board behavioural patterns and their effect on performance, (ii) interactions inside the boardroom and there bearing on the context and processes of board role performance, (iii) the effective mix of governance mechanisms and (iv) how behavioural patterns of individual actors affect the collective functioning of the board as a whole.

**Originality/value** - Research aimed at understanding the role of board of directors from an emerging African market perspective is currently deficient. This research contributes immensely in filling this research gap by focusing upon the functions boards of directors' play from a Cameroonian perspective. Thus the study's relevance is not only limited to the academic community but also to policy makers, shareholders, and practitioners and or other stakeholders.

**Keywords:** Corporate governance; Emerging Economies; Board

## Determinants of Exchange Rate: A Meta-Analysis Approach

---

Khan Jaffur, Zameelah R  
University of Mauritius, Mauritius  
E-mail: [zam.kjaffur@gmail.com](mailto:zam.kjaffur@gmail.com)

Sookia, Noor Ul Haq  
University of Mauritius, Mauritius

Seetanah, Boopendra  
University of Mauritius, Mauritius

**Purpose** - The relationship between the factors that usually cause the exchange rate to fluctuate in both the short-run and long-run have long been explained in many theoretical and empirical studies. Many studies have concluded that both real and nominal shocks affect the behaviour of the exchange rate over time. However, consensus has not been obtained on particular factors to be considered as the main determinants of exchange rate. On the basis of the literature available, the aim of this study is to shed light on some of the factors that drive movements in exchange rate.

**Design/methodology/approach** - In particular, the relationship between respective factors and the exchange rate have been investigated within a meta-analysis framework. We focus on four potential determinants of exchange rate, namely, productivity, terms of trade, trade openness and interest rate differential, using 68 studies published from 1982 to 2015, which give a total of 300 observations.

**Findings** - The results indicate that the point estimates of these variables are systematically influenced by the data used, the measures of exchange rate used and the estimation methods used.

**Originality/value** - In this respect, this study reveals that it is useful to consider more than one empirical estimate to clearly understand the impact of potential determinants on exchange rate.

**Keywords:** Exchange Rate, Determinants, Meta-Analysis

**Conditional Heteroscedasticity in Mauritius and Zambia Stock Market Returns with Varying Distribution Densities.**

---

Coffie, William  
University of Ghana Business School  
[wcoffie@ug.edu.gh](mailto:wcoffie@ug.edu.gh)

Chukwulobelu, Osita  
Secretary to the State Government/Commissioner for Economic Planning &  
Budget  
Anambra State, Nigeria  
[Osita.chukwulobelu@bcu.ac.uk](mailto:Osita.chukwulobelu@bcu.ac.uk)

Fosu, Samuel  
University of Birmingham Business School, UK  
[s.fosu@bham.ac.uk](mailto:s.fosu@bham.ac.uk)

Danso, Albert  
Leeds Metropolitan University Campus

**Purpose** - This paper evaluates and compares alternative distribution density forecast methodology of three generalised autoregressive conditional heteroscedasticity (GARCH) models for Mauritius and Zambia stock market indices.

**Methodology/approach** - We employed the symmetric GARCH, Glisten Jagannathan and Runkle version of GARCH (GJR-GARCH) and Exponential GARCH methodology to investigate the effect of stock return volatility in Mauritius and Zambia stock markets using Gaussian, Student-t and Generalised Error distribution densities.

**Findings** – The evidence reveals that in both markets, news impact is asymmetric leading to the existence of leverage effect in stock returns. Moreover, both markets exhibit reverse volatility asymmetry, contradicting the widely accepted theory of volatility asymmetry. Regarding forecasting evaluation, the results reveal that the symmetric GARCH model coupled with fatter-tail distributions present a better out-of-sample forecast for both stock markets.

**Research limitations/implications** – This study is limited to Mauritius and Zambia stock markets. This implies that our results may be peculiar to these two markets and we may require extension of this study to other African stock markets.

**Practical implications** - The presence of leverage effect suggests that investors in these markets are to be rewarded for taking up additional leverage risks. This implies that by allocating portfolios, fund managers and /or investors should go beyond the mean-variance analysis in regards to these markets and look into information about volatility, information asymmetry, correlation, skewness and kurtosis.

**Originality** - Estimates of symmetric and asymmetric GARCH models with the introduction of different distribution densities (Gaussian, Student-t and GED).

**Keywords:** GARCH models; Botswana; Mauritius; forecasting volatility; distribution densities

## Exploring the Perception of Corporate Governance Actors on Corporate Governance Implementation Process, Regulatory Compliance and Firm Performance in Emerging Markets

---

Areneke, Geofry  
The Open University, UK  
Email: [geofry.arenke@open.ac.uk](mailto:geofry.arenke@open.ac.uk)

Yusuf, Fatima  
The Open University, UK  
Email: [fatima.yusuf@open.ac.uk](mailto:fatima.yusuf@open.ac.uk)

Kimani, Danson  
The Open University, UK  
Email: [danson.kimani@open.ac.uk](mailto:danson.kimani@open.ac.uk)

Kodwani, Devendra  
The Open University, UK  
Email: [devendra.kodwani@open.ac.uk](mailto:devendra.kodwani@open.ac.uk)

Viney, Howard  
The Open University, UK  
Email: [howard.viney@open.ac.uk](mailto:howard.viney@open.ac.uk)

**Purpose:** This study is motivated by the paucity of rigorous comparative qualitative corporate governance studies aimed at understanding the nature of corporate governance constructs from different emerging economies.

The study explores the perception of corporate governance actors/practitioners in relation to corporate governance implementation process, regulatory compliance and firm performance in three emerging economies - Cameroon, Kenya and Pakistan.

**Design/methodology/approach:** The study employed a qualitative research approach with evidence drawn from a series of semi-structured interviews with board of directors, regulators and other actors involved in the implementation and execution of corporate governance structures and mechanisms in Cameroon, Kenya and Pakistan.

**Findings:** Firstly, the corporate governance implementation process in Cameroon, Kenya and Pakistan appear to be very much nascent and driven by international pressures rather than local initiatives. The analysis of the data indicated that the

adopted corporate governance codes were not seen as appropriate for implementation in these countries. Many obstacles were identified in implementation of corporate governance guidelines. It was found that these obstacles existed largely due to the fact that corporate governance codes do not reflect institutional realities in these countries.

Furthermore, results indicated that corporate governance regulations in Cameroon, Kenya and Pakistan were based on enlightened Anglo-American corporate governance regulations. However, owing to strict regulatory environment, Pakistan showed certain amount of regulatory compliance to corporate governance guidelines. Cameroon and Kenya, however, indicated a somewhat shallow compliance to governance guidelines. Nonetheless, regulatory compliance in all these countries still appears not to have evolved to the level where it can be left to market forces. Evidently, corporate governance lacks institutional identity across the three countries as regulatory guidelines act as a key driver to corporate governance without which many organizations might not comply or implement good corporate governance practices.

Finally, the impact of corporate governance compliance on firm performance was mixed across all the three countries. Some of the respondents asserted that compliance to good corporate governance as required by regulations has a positive impact on shareholder value creation, while others noted that compliance with corporate governance regulations does not play any significant role in firm profit maximization.

**Originality/value:** This is one of the few studies, which have compared the status of corporate governance regulation and impact of corporate governance compliance on firm performance, purely from practitioner's perspectives by employing a qualitative approach. Thus this study is not only relevant to the academic community but also to policy makers in emerging markets (governance regulators, governments) as well as practitioners.

## Ethical Development for the Accounting Profession.

---

Teelokee, A

Matadeen S, Jay  
University of Mauritius, Mauritius  
[smatadn@uom.ac.mu](mailto:smatadn@uom.ac.mu)

The research highlights that self-interest, opportunism and greed were the main motivations behind the malpractices that characterized the various corporate scandals and financial crisis. It makes an attempt to propose a three-phased model for cognitive ethical development for professionals and students in accounting using self-empowering techniques such as self-awareness, positive thinking, virtues deliberations and meditation.

The study presents a practical and simple model of ethical development in accounting profession using the trilogy of psychology, philosophy and theology.

The study highlights the importance of understanding human nature as the basis for bringing change in behaviors. There exists two distinct groups of philosophers with regard to understanding of human nature: first, those among others were Socrates, Plato, Butler, Descartes, A. Smith who view that there is the innate goodness in human soul of being benevolent, honest, loving, trustful etc.; second, those among others were the Stoics, Hobbes, Locke, D. Hume who view that human nature is greedy, selfish etc. This study then establishes the link between knowledge of human soul and human nature.

The five positive qualities of human nature identified by accounting professionals and students, honesty and having integrity, loyal and trustworthy, generosity and altruistic (benevolent), and peaceful/passionate/happy.

The five negative qualities identified by accounting professionals and students of Mauritius and Kenya are greedy, selfishness, biased and partial, fearful & protective, and deceitful/lustful.

The survey confirms the existence of two distinct perception of human nature, positive (48%), and negative (22%) and in addition reveals that the existence of a third group which thinks human nature to be a mixture of positive and negative (30%).

The results of the survey indicate clearly the influence of perception on human nature on the choices of techniques for ethical development and medium to apply these techniques.

The preferred techniques, according to the survey, for 'Ethical Development' are: Positive Thinking, Reflection on Moral values and Meditation (which includes self-introspection).

## **The Influence of Corporate Environmental Responsibility on Stock Performance of Companies Listed on the Stock Exchange of Mauritius.**

---

Marie, France  
University of Mauritius, Mauritius

Matadeen, S Jay  
University of Mauritius, Mauritius  
[smatadn@uom.ac.mu](mailto:smatadn@uom.ac.mu)

From the seventies onwards, Mauritius has built its economic success based on a relentless drive towards industrialization and tourism in Mauritius. This resulted to merely 45 years of remarkable increases in the standard of living of the population together with significant changes in consumption patterns. Changes in consumption trends with significant demographic increase mean that new and rising demands are being thrust on the environment: new lands needed for property development, roads and factories, greater outputs from agriculture with large increases in agro-chemical usage, increased demands for fish from the lagoon and fishing banks, more solid and liquid waste pollution. Like many developed countries, Mauritius is at a crossroads because the environment cannot be taken for granted any longer. There is an urgent need to manage the impacts of development and population growth on the local environment in view of achieving sustainability. Extensive regulations coupled with ongoing public pressure and pro-environmental lobbies for a cleaner environment have forced companies to take extensive and costly environmental control and actions. These actions have intensified the need for better formalized initiatives for environmental measurement and reporting system such as the Global Report Initiative (GRI) Guidelines. The objectives of this paper are:

- 1.) To analyze the level of significance difference between environmental corporate responsibility reporting and stock performance.
- 2.) To determine whether there are specific aspects of corporate environmental responsibility according to GRI Guidelines that affect stock performance of listed companies at Mauritius Stock Exchange more than other aspects.

This paper analyzes the influence of corporate environmental responsibility through reporting guidelines according to GRI Guidelines on stock performance of companies listed at Mauritius Stock Exchange. The study uses a descriptive survey design. Exploratory research and content analysis have been used when carrying out observation and interviews in the organizations sampled. The population of the

study comprises of 30 of the listed companies in Mauritius Stock Exchange. The methods used included use of a review of the archival records, and review of secondary literature. For reliability analysis, the Cranach's alpha was calculated by application of SPSS. Descriptive statistics, Chi-Square, and analysis of variance (ANOVA) techniques were used in analyzing the data.

## Mediator Effects of External Auditing in the Relation between Corporate Governance and Earnings Management.

Appasamy, C

Matadeen, S Jay  
University of Mauritius, Mauritius  
[smatadn@uom.ac.mu](mailto:smatadn@uom.ac.mu)

This research paper investigates the effects of external auditing in the relationship between corporate governance and earnings management.

The theoretical and empirical literature of relationships between (a) corporate governance and earnings management (b) external auditing and earnings management (c) corporate governance and external auditing and (d) corporate governance and external auditing on earnings management, is renewed to investigate whether, at least theoretically, there are more complex effects underlying the relationship between these mechanisms.

Much of research have adopted either a direct or main effect approach between corporate governance, external auditing and earnings management and less attention has been paid to the possibility of more complex effects which would enable a more thorough analysis of the underlying mechanisms behind these relationships. Rose et.al (2004) argue that mediator [*or moderator*] effects should only be proposed if a body of literature has tentatively documented causal relationship between the variables tested. This paper shows the theoretical connection between the literature streams of corporate governance, external auditing and earnings management which confirms that external auditing may be conjectured as a mediator in the relationship between corporate governance and earnings management i.e. strengthening the corporate governance mechanism in constraining earnings management. It is argued that policymakers and regulators should be wary if external auditing is empirical observed as a moderator in the relationship between corporate governance and earnings management *i.e.* implying that the governance mechanism is ineffective or only ceremonial in its mission of constraining earnings management.

This paper contributes to the existing literature of corporate governance, external auditing and earnings management theoretically and provides areas for empirical research whose results may be of particular importance for policymakers and regulators.

**Keywords:** Earnings management, corporate governance, external auditing, mediator effects, moderator effects

## The Impact of Political Connectedness on Corporate Governance Disclosure.

---

Fatima Yusuf  
The Open University, UK  
[fatima.yusuf@open.ac.uk](mailto:fatima.yusuf@open.ac.uk)

Devendra Kodwani  
The Open University, UK

Jane Frecknall-Hughes  
Hull University Business School, UK

Howard Viney  
The Open University, UK

**Purpose** - The prevalence of political connectedness is a distinct feature of capital markets in developing economies, whereby political connections serve as a substitute for strong judicial institutions and investor protection (1996). The extent to which political connectedness influences a company's ability to access bank finance and public sector goods and services has long been an issue in the literature (Khwaja and Mian, 2005; Saeed, 2013). Several studies have analysed the impact of political connectedness on the quality of accounting information (Fan et al., 2014; Huang et al., 2014). However, there has been less attention paid to exploring the influence of political connectedness on corporate governance disclosure. This research fills this gap in the existing literature through an empirical examination of the impact of political connectedness on the corporate governance disclosure practices of listed companies in a developing country.

**Design/methodology/approach** - Using a sample of 100 annual reports from 20 companies listed on the Karachi Stock Exchange for the period 2009–2013 this study examines the level of corporate governance disclosure in these reports. The research utilises qualitative content analysis to gain an understanding of disclosure level, which is followed by an in-depth analysis of silence focusing on the incidence of lack of information on various dimensions of corporate governance.

**Findings** - It was observed that politically non-connected firms disclosed a higher level of voluntary as well as mandatory corporate governance information in comparison with connected firms. However, the variation in the level of voluntary disclosure was higher when compared with mandatory disclosure. To make sense of the findings the research called upon the dual perspectives offered by agency theory and rational choice institutionalism. In assessing the implications of disclosure/non-

disclosure practices it was found that the decision to disclose information was driven by the self-interest and opportunism of politically connected members of the board who appear to avoid voluntary information disclosure. However, it was also found that rationality plays an important role and as the firms are operating in a tight regulatory environment, politically connected firms provide better mandatory disclosure.

**Research limitations/implications** - The research constitutes a small project and was subject to the limitations of time and access. However, the study draws attention of academics for the need of more context based research on corporate governance and disclosure in developing countries.

**Practical Implications** - The influence of politicians on corporate sector should be taken into account by policy makers while devising corporate governance and disclosure regulations. Furthermore, existing regulations might be inefficient to meet information requirements of the users.

**Originality/value** - The quantitative models of self interest and utility, as examined by existing quantitative researchers are narrow. It is argued that self-interest might not always entail maximisation of monetary interests.

**Keywords:** Corporate governance, political connectedness, voluntary disclosure, mandatory disclosure

## Firm-Specific Attributes and the Value Relevance of Accounting Information

---

Chukwu, Gospel J.  
Rivers State Polytechnic, Nigeria  
Email: [gospic2006@yahoo.co.uk](mailto:gospic2006@yahoo.co.uk)

Okoye, Emma I.  
Nnamdi Azikiwe University, Nigeria

**Purpose** - The purpose of this paper is to examine the relationship between firm-specific attributes and the value relevance of accounting information, and to determine whether the adoption of IFRS has improved the value relevance of accounting information.

**Design/methodology/approach** – The study used data from financial statements of 54 firms listed on the Nigerian stock exchange over a period of six years (2009 to 2014), divided into three years pre-IFRS period (2009 to 2011) and three years IFRS reporting period (2012 to 2014). Two regression models were formulated and the adjusted  $R^2$ s from the models were used in determining the relationship between firm-specific attributes and the value relevance of accounting information.

**Findings** – The results show that firm-specific attributes have a positive effect on the value relevance of book value of equity per share and earnings per share. Also the market valuation of accounting numbers improved in the IFRS reporting period.

**Practical implications** – Firms seeking to improve their market values must work towards achieving the firm specific attributes that enhance firm value.

**Originality/value** – Using data from 2009 to 2014 from the Nigerian Stock Exchange, this study fills a research gap by examining the effect of firm-specific attributes on the value relevance of accounting information.

**Keywords:** value relevance, liquidity, firm size and leverage

## The Influence of the International Financial Reporting Standards (IFRS) on Audit Reporting Lag.

---

Ibrahim Bedi  
University of Ghana, Ghana  
Email: [bediibrahim@yahoo.com](mailto:bediibrahim@yahoo.com)

**Purpose** - The International Financial Reporting Standards (IFRS) is intended to promote timely recognition of gains and losses and greater transparency. The influence of IFRS on timely audit reporting considering the required disclosures remains a gap in the literature. Therefore, this study determines the influence of IFRS on timeliness of audit reporting in Ghana and controlling for board size, industry, auditor type and size.

**Design/Methodology/Approach** - The content analysis approach was adopted to gather panel data with 420 observations for the periods 2011 to 2013. The sample was 140 companies made up 25 listed entities and 115 non-listed entities. The ordinary least square regression method was used to determine the explanatory variables for audit reporting lag.

**Findings** - The study finds board size, industry and size to be significant negatively related to audit reporting lag. IFRS was found to be positive and significantly related to the timeliness of audit reporting. The study did not find auditor type represented by the Big4 to be significantly related to timely audit reporting in Ghana.

**Practical Implication** - The study requires national audit oversight bodies via the quality review programmes to ensure auditors play influential client guiding role at reducing reporting lag.

**Originality/Value** - The study contributes empirical literature on IFRS and its effect on reporting lag from the perspective of Africa in understanding its global impact.

**Keywords:** Timeliness, IFRS, Audit Reporting Lag, Ghana

**Audit Reforms in the OHADA Treaty States.**

---

Elad, Charles

University of Westminster, London, UK

[C.Elad@westminster.ac.uk](mailto:C.Elad@westminster.ac.uk)

Tumnde, Martha

University of Buea, SW Region, Cameroon

This paper analyses recent audit reforms in the OHADA treaty states and their implications for corporate governance. It begins by considering the differences between OHADA auditing regulations and established Anglo-American practice against the backdrop of ongoing debates on the audit expectation gap and pressure from the World Bank/IMF for greater accountability, transparency and good governance. The paper then presents a real life case study that illustrates the socio-political and cultural obstacles to implementation of the reforms, which are modelled after French auditing regulations, in a contemporary African setting. This case study also shows how the OHADA reforms provoked inter-professional disputes between accountants and lawyers over the correct interpretation of accounting regulations, resulting in the arrest and incarceration of two senior PricewaterhouseCoopers partners for alleged malpractice.

## An Analysis of the Financial Reporting Compliance of South African Public Agricultural Companies.

---

Baigrie, Ingrid  
University of Johannesburg, South Africa  
Email: [ibaigrie@mweb.co.za](mailto:ibaigrie@mweb.co.za)

Coetsee, Danie  
University of Johannesburg, South Africa  
Email: [dcoetsee@uj.ac.za](mailto:dcoetsee@uj.ac.za)

This article assesses the extent to which South African public companies that are engaged in agricultural activities are complying with the compulsory and voluntary recognition, measurement and disclosure requirements of IAS 41, *Agriculture*. Sixteen large South African public companies with material holdings of biological assets in their statements of financial position were selected for analysis. The study used the last published annual financial statements for reporting periods beginning before 1 January 2013 in order to assess compliance with IAS 41 prior to the implementation of IFRS 13. The financial statements of these companies were analysed to identify the existence of both the compulsory disclosures listed in IAS 41, as well as the extent of compliance with any of the voluntary disclosures recommended in IAS 41. The results of the analysis show that the majority of South African agricultural companies are using fair value to measure their biological assets at initial recognition as well as at the end of each reporting period. None of the companies, however, is using the quoted price in an active market as the fair value for these assets, implying that companies need to incur additional costs to obtain fair valuations which comply with the requirements of IAS 41. While companies also state that they are using fair value to value their agricultural produce, they are not providing any further information on how these fair values are obtained or calculated. Most of these companies are complying with the compulsory disclosure requirements of IAS 41, and are also providing certain of the recommended voluntary disclosures listed in IAS 41. The study concludes that the measurement methods used by companies to value their biological assets and the nature and extent of both compulsory and voluntary disclosures of these assets are sector-specific. This is consistent with the findings of previous research. This study contributes to the existing literature by providing a baseline on the financial reporting of agricultural entities in South Africa prior to the implementation of IFRS 13.

**Keywords:** agriculture; biological assets; compliance; disclosure; fair value.

## Information Asymmetry, Leverage and Firm Value.

---

Fosu, Samuel  
University of Birmingham Business School, Birmingham, UK  
[s.fosu@bham.ac.uk](mailto:s.fosu@bham.ac.uk)

Danso, Albert  
Richmond, The American University in London, UK

Ahmad, Wasim  
University of Birmingham Business School, Birmingham, UK

Coffie, William  
University of Ghana Business School, Legon, Accra, Ghana

**Purpose** - Drawing on pecking order theory and agency cost theories, we assess the extent to which information asymmetry is an important determinant of firm value and the extent to which this relationship is conditioned on the leverage level of firms.

**Methodology/approach** - Using a large sample of UK firms, we adopt a panel data approach to our empirical modelling to take advantage of the variations in the variable of interest over time.

**Findings** - our empirical findings suggest that information asymmetry impacts adversely on firms' value, and that this effect is decreasing in firms' leverage. Further, we find that leverage has negative effect on firm value, and that the marginal effect of leverage is lower for information asymmetric firms. It is also found that the effect of information asymmetry is higher (lower) for firms with high (low) growth opportunities.

**Research limitations/implications** - This study is limited to the UK.

**Practical implications** – We show that leverage can be an effective tool to minimise adverse selection cost.

**Originality** – We provide a novel and comprehensive analysis of conditional effect of information asymmetry on firm value. We show in this paper for the first time how the underlying assumptions of the pecking order can be value-enhancing.

## Participation and Spending Attitudes in the Mauritian Lotto Market

---

Jaunky, Vishal Chandr  
Luleå University of Technology  
Email: [vishal.jaunky@ltu.se](mailto:vishal.jaunky@ltu.se)

Ramchurn, Bhooshan  
London School of Business & Finance, UK  
Email: [nitish-r@hotmail.com](mailto:nitish-r@hotmail.com)

Beeharry, Mehvin  
Mauritius Revenue Authority, Mauritius  
Email: [nitinb17@yahoo.com](mailto:nitinb17@yahoo.com)

Playing the lotto is a hedonic consumption. The current research attempts at an exhaustive review on the impingement of a myriad of social-demographic and psychological variables on gambling attitude in the Mauritian lotto market, albeit the first in African continent. Over four years in existence, the lotto operated by the Lottotech, has pooled over Rs 3billions in less than two years making it a significant fruitful sector. State coffers will be enhanced through taxes. By conducting a household drop-off survey, involvements and the spendthrift nature of the targeted population were well conceived. Our findings brought to light the influence of three basic trait heterogeneity and how coupled with societal factors, other addictiveness were controlled in the model. Lottery theories in the form of the Theory of Judgment under uncertainty continue to be the leading choice in the literature. Based on a set of heuristics, it explains the hurried rise in lotto slips especially on the event of an unclaimed jackpot size (Roger 1998). Furthermore, the belief whereby winning the lotto jackpot ruins the winner's life is discussed in the climax of this paper. Recommendations on future areas of innovation in personality research and policy implications are here down addressed.

**Keywords:** Gambling attitude, socio-demographic, personality variables, Eysenck's model

## Ownership Structure, Corporate Governance and Voluntary Sustainability Assurance in the SADC Countries.

---

Mangena, Musa  
Nottingham Business School, Nottingham Trent University  
E-mail: [Musa.Mangena@ntu.ac.uk](mailto:Musa.Mangena@ntu.ac.uk)

Chamisa, Eddie  
University of Cape Town, South Africa.  
E-mail: [Edward.Chamisa@uct.ac.za](mailto:Edward.Chamisa@uct.ac.za)

Hamutyinei Harvey Pamburai  
University of Cape Town, South Africa.  
E-mail: [Pamburai@gmail.com](mailto:Pamburai@gmail.com)

Over the last two decades, there has been increasing attention on sustainability around the world, and consequently, regulators and stock exchanges have actively promoted sustainability reporting via the adoption of regulations or guidelines encouraging the disclosure of environmental, social, and governance (ESG) factors. Associated with the increased publication of sustainability reports has been the emergence of the voluntary publication of assured sustainability reports by companies, possibly to enhance the credibility of the reports. The literature into understanding sustainability assurance has begun to develop, particularly in the developed countries, with studies examining the factors influencing sustainability assurance and the consequences of sustainability assurance. In this study, we extend the sustainability assurance literature to developing countries, where the environment differ in several ways, including weak legal systems, weak corporate governance systems. Specifically, we first examine the extent to which listed companies in selected Southern African Development countries (SADC) publish sustainability assured reports and their choices of the sustainability assurance provider. Secondly, we investigate the role of ownership structure and corporate governance on both the adoption of sustainability assurance and the choice of sustainability assurance provider. Third, we examine the consequences of sustainability assurance for the firm's equity valuation.

We have thus far undertaken a pilot study addressing research objective one and two only. Our initial findings, using a pilot sample of 100 companies from South Africa and Zimbabwe, demonstrate that 68% of the companies published assured sustainability reports in the year 2014. Using logistic regression analysis, we find that institutional share ownership, greater proportion of independent directors,

board diversity and the existence of a designated board sustainability committee are positively related to the adoption of sustainability assurance. We also show that company size and industrial sector are also factors associated with the decision to voluntarily publish an assured sustainability report. Our results, thus far, are interesting, and we are currently working on building a large panel dataset spanning 10 years from an increased number of firms listed in SADC countries with active stock exchanges.

**Keywords:** Sustainability reporting; sustainability assurance; ownership structure; corporate governance; SADC

**Perception of Fairness and Personal Income Tax Compliance in  
Rivers State Polytechnic, Bori**

---

Gberegbe, Ferry Barineka  
Rivers State Polytechnic, Nigeria  
Email: [gberegbeferry@gmail.com](mailto:gberegbeferry@gmail.com)

Nkanbia-Davies, Lilian  
Rivers State Polytechnic, Nigeria

Idornigie, Gabriel A  
Rivers State Polytechnic, Nigeria

**Purpose** - This study investigated the relationship between the perception of tax fairness and personal income tax compliance in Rivers State Polytechnic, Bori. It examined the relationship between the perception of tax fairness, exchange with government, self interest and personal income tax compliance in Rivers State Polytechnic, Bori.

**Design/methodology/approach** - This is an exploratory study that employed qualitative approach to identify the relationship between the perception of tax fairness and personal income tax compliance in Rivers State Polytechnic, Bori.

**Findings** - There is a significant relationship between the perception of tax fairness and personal income tax compliance in Rivers State Polytechnic, Bori. This study recognizes the importance of exchange with government and self interest on personal income tax compliance behaviour of employees of Rivers State Polytechnic, Bori.

**Originality/value** - This study provides an insight into the perception of tax fairness and personal income tax compliance in Nigeria. It provides a useful guide for the formulation of personal income tax policy in Nigeria.

**Keywords:** Tax, fairness, perception and tax compliance

## Access to Finance, Institutional Support and SME Development: Is there a Gender Disparity? The Case of Mauritius

---

Seetannah, Boopendra  
University of Mauritius, Mauritius  
Email: [b.seetannah@uom.ac.mu](mailto:b.seetannah@uom.ac.mu)

Teeroovengadam, Viraiyan  
University of Mauritius, Mauritius

Seetah, Keshav  
University of Mauritius, Mauritius

There is unequivocal evidence that the provision of a conducive environment which includes amongst other things access to finance is crucial for the creation and growth of small firms. However studies have found that there exist various gender-based inequalities with regards to the determinants of SME development. While much research has been conducted in various countries there is a need for better understanding the potential disparities between male and female entrepreneurs in the context of Mauritius. In view of finding out if there is a gender disparity with regards to Mauritian SMEs and extent of same, the present study made use a quantitative research method in the form of a survey conducted among a representative sample of SME's in Mauritius. A total 335 usable responses were received. So as to assess the perceived level of disparity between male and female SME owners, respondents were asked to rate the adequacy of various attributes that potentially affect the success of their enterprise. These items were centered on three main themes, namely, generic factors affecting SMEs' development, sources of finance and quality of institutional support for SMEs. Exploratory factor analysis was conducted with respect to each themes so as to extract relevant factors. Descriptive statistics for each construct was computed followed by independent samples t-test which were used so as to test for significant differences between male and female SME owners in relation to the various factors affecting SME development particularly with respect to access to finance. The findings revealed that there were no major direct discrimination towards female entrepreneurs. However, it was observed that women entrepreneurs tend to be less successful than male entrepreneurs when considering the size of their business.

**Keywords:** Gender, SME Development

## How Can the Law Provide More Effective Regulatory Safeguards in the Financial Field?

---

Adnarain Appadoo, Krishnee  
University of Mauritius, Mauritius  
Email: [ka.appadoo@uom.ac.mu](mailto:ka.appadoo@uom.ac.mu),

**Purpose** - This paper has been written to propose more robust mechanisms for legal and compliance standards to be met in the finance sector.

**Design/Methodology** - The objectives of this paper have been met through a thorough study of the main financial institutions in the United States and Mauritius. This has been also punctuated by an examination of the phenomenon of regulatory capture.

**Findings** - This relationship between regulation and finance has been severely questioned and criticised, especially in the wake of the financial crisis into which the financial area around the globe found itself embroiled in 2008. Finance, in all simplicity, relies on a promise. The recipient promises to pay the supplies of funds a particular amount to cover an initial investment and to pay a return, commonly known in the financial world as the profit or yield. Therefore, it has been found that the fragility and volatility of finance become the norm. Regulation is vital because it is a legal and compliance shield for financial transactions to operate in an effective, transparent and accountable manner. The main finding of this paper is that regulatory transfer has been a weakness so far. But the study also proposes a set of recommendations so that this practice becomes a thing of the past.

**Originality/value** - This paper brings more depth to the study of regulatory capture and suggests ways in which this practice can be avoided so as to bring more credibility in the financial domain, especially in the wake of the global economic crisis.

**Keywords:** Financial Capture, finance, financial crisis

## EVA and Future Accounting Earnings in South Africa

---

Weldon, Sean  
University of Fort Hare, South Africa  
Email: [SWeldon@ufh.ac.za](mailto:SWeldon@ufh.ac.za)

**Purpose** - To analyse whether EVA has relevance and should be implemented as a performance measure in South African companies, as well as whether a correlation exists between EVA and future earnings of industrial sector companies.

**Design/methodology/approach** - The main hypothesis examines whether there is a correlation between EVA and future earnings, using earnings per share (EPS) as a proxy. Additional hypotheses are developed to determine if there is a correlation between EVA and turnover growth, as well as between EVA and share price performance.

**Findings** - The study finds that the strength of all the correlations is weak; the selected variables are all positively correlated to EVA; and, although all correlations are weak, they still appear to be significantly correlated except for the correlation between EVA and future earnings.

**Research limitations/implications** - The research is only conducted for industrial companies during a specific period which limits its applicability to the general economic environment. In addition inflation is ignored, as well as corporate activities such as mergers and acquisitions.

**Originality/value** - There has been limited research on the concept of EVA in South Africa and this study contributes to this research bank.

**Keywords:** economic value added, earnings per share, future earnings; turnover growth; share price.

**Legal Value of Corporate Codes of Conduct: The Emergence of National and Transnational Law in Private Codes**

---

Gunpath, Rajendra Parsad  
University of Mauritius, Mauritius  
Email: [rpgunput@uom.ac.mu](mailto:rpgunput@uom.ac.mu)

Protopsaltis, Panayotis  
Solicitor, Athens Bar Association, Greece  
Email: [pprotopsalt@gmail.com](mailto:pprotopsalt@gmail.com)

Jha, Anupam  
Reader at The University of New Delhi, India  
Email: [jhaanupamlaw@gmail.com](mailto:jhaanupamlaw@gmail.com)

Pudaruth, Sameerchand  
University of Mauritius, Mauritius  
Email: [sameerchand.pudaruth@gmail.com](mailto:sameerchand.pudaruth@gmail.com)

**Purpose** - Despite the huge quantum of literature on corporate codes there are few debates and writings about their legal value. The purpose of this article is to examine the possible legal value of corporate codes of conduct especially in countries which have inherited both French law and the French Civil Code.

**Design/methodology/approach** - In our research, we relied on various secondary data, mainly French civil law theory.

**Findings** - Some authors clearly deny any legal value whereas others attribute some legal effects to corporate codes of conduct.

**Practical implications** - The obvious practical implication of attribution of legal value to corporate codes of conduct is, there possible binding nature, in other words, the obligation of corporations to respect such codes.

**Value** - Other than the general theoretical value of the paper, the analysis may be useful to corporate counsels who are asked to draft a corporate code of conduct.

**Keywords:** codes of conduct; private code; corporate codes; transnational law; national law.

## Impact of Exchange rate and Exchange rate Volatility on Foreign Direct Investment (FDI) Inflow for Mauritius: A Dynamic Time Series Approach

---

Moraghen, P.G. Warren  
University of Mauritius, Mauritius  
Email: [iwarrenpgm@gmail.com](mailto:iwarrenpgm@gmail.com)

Sookia, Noor-UI Haq  
University of Mauritius, Mauritius

Seetanah, Boopendra  
University of Mauritius, Mauritius

**Purpose** - The aim of this study is to supplement the literature on the determinants of Foreign Direct Investment for the case of Mauritius, which is a small and developing Sub-Saharan African country. With relatively rigorous and robust methodology, the present study provides new evidences regarding the two main macroeconomic variables, namely, exchange rate and exchange rate volatility, together with their impact on FDI inflow.

**Design/methodology/approach** - The investigation covers annual data for the period 1976-2013. The GARCH model is employed to estimate the real exchange rate volatility. Moreover, the other economic indicators used, such as, FDI, real exchange rate, economic openness, human capital, wages and salaries, GDP per capita and tax level are also examined by making use of a dynamic framework. Due to the presence of co-integration, a Vector Error Correction Model (VECM) is used to capture both the short-run and long run dynamics of the growth rate of the specific variables.

**Findings** - The study also shows that an overvaluation of the host currency, as well as, the exchange rate volatility impact on FDI, are negative and significant, thereby, confirming the fact that depreciation of the Mauritian Rupee attracts FDI inflow, while volatility of the exchange rate discourages FDI inflow, specifically in the long-run. Furthermore, economic openness, wages and salaries, as well as tax level, also appear to be fundamental factors. The positive and significant coefficient of trade openness reflects the fact that foreign investors enjoy the good export opportunities from Mauritius and find it as a gate-way to target other countries with a larger market size.

## SMEs Financing Practices: The Case of a Small Island Developing Economy

---

Ramkissoon, I  
City College, Mauritius  
Email: [cdikshramki@gmail.com](mailto:cdikshramki@gmail.com)

Padachi, K  
University of Technology, Mauritius  
Email : [kpachachi@umail.utm.ac.mu](mailto:kpachachi@umail.utm.ac.mu)

**Purpose** - The purpose of this paper is to investigate the extent to which firm's characteristics and owners/managers' characteristics influence the financing practices of Mauritian SMEs. It further examines the extent to which Small Medium Enterprises use bootstrap finance.

**Design/methodology/approach** - The data for the study was collected from a sample of 130 owner-managers of different age group, income and educational levels across the industry groups were chosen.

**Findings** - Non parametric tests were used and the main results showed that the educational level, size of firm, industry, business age and profitability were important factors that influence the owner-managers' financing practices. The very small business group has a higher level of family members as they uphold family commitment to achieve business continuity and performance. Most of the entrepreneurs finance their business with their own savings followed by trade credit from suppliers and then bank overdraft. There is evidence to conclude that Mauritians owner-managers follow a hierarchical pecking order along with life growth cycle. The various bootstrapping techniques were grouped using factor analysis which result in four groups namely; minimize costs and accounts receivable, owner financing, formal source of finance and reduce investment in inventory.

**Research limitations/implications** - The research findings have important implications for the existing and potential SMEs which face financial constraints.

**Originality/value** - This study unlike other studies, combine in a single study both financing practices and bootstrapping financing techniques of SMEs for a small island developing economy. It adds to the growing literature on the approach to SMEs financing and at the same time show how bootstrapping techniques are used as a solution to the financing problems of SMEs.

**Keywords:** Financing Practices, SMEs, Bootstrap Finance, Factor Analysis

## Strategic Response to Imposed Accountability Structures in a Non-Governmental Organisation (NGO)

---

Awuah-Werekoh, Kwasi  
Ghana Institute of Management and Public Administration (GIMPA)  
Email: [kawuah@hotmail.com](mailto:kawuah@hotmail.com)

Tsamenyi, Mathew  
China Europe International Business School (CEIBS)  
Email: [mtsamenyi@gmail.com](mailto:mtsamenyi@gmail.com)

**Purpose** - This paper examines the strategies adopted by a Non-Governmental Organisation (NGO) to respond to imposed accountability structures by donors. The paper is motivated by the lack of understanding of how NGOs can actively engage with and manage pressures from their institutional environment, especially donors.

**Design/methodology/approach** - The analysis is based on a case study of a community based NGO in Ghana. Data is collected by way of interviews, document analysis, informal discussions and observations. The analysis is aided by the New Institutional Sociology (NIS) and in particular Oliver's ideas of strategic responses to institutional processes.

**Findings** - The findings suggest that NGOs are under increasing pressure to conform to donor demands especially because of the scarcity of funds. Despite this NGOs have the capacity to devise strategies to manage and respond to these institutional pressures.

**Originality/value** - The study extends the dominant assumptions in the institutional theory literature whereby NGOs are seen as passive adopters of accountability structures imposed by donors.

**When Does Shareholders' Wealth Start To Accrue In Net  
Present Value Analysis?**

---

Benamroui, Abdelhafid  
University of Westminster

Boojihawon, Devkumar Roshan  
University of Birmingham

Jory, Surendranath Rakesh  
University of Sussex  
[sjory@sussex.ac.uk](mailto:sjory@sussex.ac.uk)

Nnamdi O. Madichie,  
Candian University of Dubai

We consider the distribution of an investment project's free cash flows, defined as the cash that can be paid to investors and shareholders, in investment appraisal exercises. We show the timing and size of the free cash flows distributed to (i) those who financed the investment project, and (ii) the company's existing shareholders (we treat the two groups separately). Our analysis shows, in monetary amounts, how much each group receives in every time period; how much is received in the form of excess wealth by the existing shareholders; and, when does that excess wealth start to accrue, which as we show coincides with the discounted payback period. Knowing an investment project's net present value (NPV) is important but is not sufficient. Shareholders would also like to know how and when a project pays the excess wealth it generates, which is the central theme of this article. It is intended to be used as further reading (or a teaching supplement) in advanced undergraduate and MBA courses, which deal with investment appraisal techniques. We present a case study at the end to illustrate the concepts covered in this article.

Keywords: Net Present Value, Free Cash Flows, Payback Method

**Fraud and the Interaction between Political, Legal and Financial Reporting Regimes**

---

Boolaky, Pran K  
Griffith University  
Email: [p.boolaky@griffith.edu.au](mailto:p.boolaky@griffith.edu.au)

Singh, Kishore  
Griffith University

Omotoso, Kamil  
Coventry University

**Purpose:** There is evidence in the extant literature on frauds and its drivers and inhibitors at firm level. Yet, there is still the beliefs that (1) *‘Politicians could intervene to protect fraudster and that this intervention varies between political regimes of countries and (2) the legal regimes could be less rigour or contains loopholes that reduces deterrent incentives to frauds and fraudster’*, let aside the financial reporting regimes. This is an anecdote that is yet to be demystified. This paper therefore argues that behind this anecdote, that there is an interaction between politics, laws and financial reporting on fraud and that the nature and magnitude of this interaction either deters or covers up frauds. The purpose of this paper is two phases: (i) to assess this triangular effect and (ii) to investigate how each type of political, legal and financial reporting regime impacts on fraud at a country level

**Design/Methodology/Approach:** This paper uses country level data (106 countries) published by various sources: Association of Corporate Fraud Examiners (ACFE), World Fact Book, Deloitte IAS Plus Report, IFAC Report and Economic Intelligence Unit Report on Democracy Index for 106 countries for the years 2010, 2012 and 2014. A three-way ANOVA is used to provide empirical evidence on the interaction effects of politics, laws and financial reporting on fraud and regression analyses used to determine the impact of each individual regime on frauds.

**Findings:** (1) There is a statistically significant three-way interaction between financial reporting regime, legal regime and political regime on fraud. (2) Accounting and audit regime as well as legal regime have a negative but less significant influence on fraud as opposed to political regime.

The results also suggest a significantly positive association between a full democratic regime and fraud as opposed to the other political regimes. Contrary to political accountability theory and poliheuristic theory, our result supports the delegation trap hypothesis and rejects preventive hypothesis and non-compensatory behaviour hypothesis. It suggests that there is collusion between executive, legislative and checks and balances in a full democratic regime, hence weakening the preventive, detective and deterrent mechanism to fraud minimisation.

**Research Limitations/Implications:** This paper is important to regulators, (national and international), fraud investigators, practising auditors, law makers, politicians, political experts as well as the public. It is limited by the number of years of study and has relied only on one source of data on frauds.

**Originality:** There is no previous study in the fraud literature that used political, legal and accounting theory to examine their interaction effects and individual impact on fraud at country level.

Keywords: Fraud, Law, Politics, Accounting, Audit

## Revitalizing Family Economy through Family Budget: A Lee Way to Sustainable Economic Development in Nigeria

---

Agboh, Callistus Ikechukwu  
Federal College of Education, Nigeria  
Email: [agbohiyke@yahoo.com](mailto:agbohiyke@yahoo.com)

**Purpose** - The study determined the extent family budget was employed in revitalizing family economy, factors hindering the use of family budget and strategies for improving on the use of family budget to achieve sustainable economic development.

**Design/Methodology/Approach** - A questionnaire was designed to determine the extent of use of family budget, factors hindering the use and strategies for improving on the use of family budget in revitalizing family economy. The questionnaire was distributed to 240 respondents. The data generated from their responses were analyzed using mean, standard deviation and t-test statistic to test the null hypotheses.

**Findings** - The use of family budget in revitalizing family economy for sustainable economic development was found to be considerably low. Lack of interest, knowledge, and inability to develop family expenditure chart were part of the problems hindering the use of family budget. Some strategies as, creation of awareness of the need, developing family's financial needs data bank, and communicating family members on the need for family budget use were found to be needful.

**Research Implications** - The present study presents a basis for further studies on home accounting practices, especially on family budgetary processes to alleviate poverty in families without consistent level of income.

**Originality/Value** - The study has proved that even the educated elites with relatively consistent level of income merely use family budget. It has identified possible hindrances and ways of improving on family budget use for sustainable family economic development.

**Keywords:** Economy, family economy, family budget, sustainability, economic development.

## Teaching Accounting Ethics in Nigeria: A Mirage or Reality?

---

Okougbo, Peace Onuwabagbe  
Covenant University, Nigeria

Email: [peace.okougbo@covenantuniversity.edu.ng](mailto:peace.okougbo@covenantuniversity.edu.ng)

Okike, Elewechi Ngozi

Academy for Excellence in Education (AFEXED)

International Centre for Research in Accountability and Governance (CENTRAG)

Email: [elewechi.okike@afexed.com](mailto:elewechi.okike@afexed.com)

**Purpose** - In the face of a necessity for increased ethics education globally, there lies a controversy as to whether learning ethics holds any value at all. This debate has ensued because ethical decisions bother on character formation of individuals which may be influenced by certain background and environmental factors. The collapse of moral values in Nigeria and within the global community spurs an interest in investigating whether accounting ethics can be taught. The moral decadence in the society is exemplified by the endemic state of corruption, which has engulfed the general populace in Nigeria.

**Design/ methodology/ approach** - This is an exploratory research that explores extant literature on the reality of teaching accounting ethics in Nigeria, a country that is bedeviled with endemic corruption.

**Findings** - This study identifies that culture plays a significant role in the formation of ethical behavior of the Nigerian accountant.

**Research Limitations/ Implications** - Based on the findings it may be pertinent to survey the influence of culture in shaping the ethical behavior of accountants in Nigeria

**Practical Implications** - The accounting educators and professional bodies need to explore the best forms of pedagogies and strategies for teaching accounting ethics to trainee accountants.

**Social Implications** - The government needs to unravel the strategies for fostering a corrupt free society as this is essential in grooming accountants to act ethically.

**Originality/ value** - This study provides the accounting profession in Nigeria with information as to whether teaching accounting ethics is a mirage or reality by exploring the influence of cultural values on the development of ethical behaviour.

**Keywords:** accounting ethics, teaching accounting ethics, ethics education, corruption, ethical behavior, culture, Nigeria

**The Effect of Joint Audit on Audit Quality - The Perceptions of Accountants, Auditors and Accounting Academics.**

---

Okaro, Sunday C.  
Nnamdi Azikiwe University, Nigeria.  
E-mail: [eziogidi@yahoo.com](mailto:eziogidi@yahoo.com)

Okafor, Gloria O.  
Nnamdi Azikiwe University, Nigeria  
E-mail: [go.okafor@unizik.edu.ng](mailto:go.okafor@unizik.edu.ng)

Ofoegbu, Grace N.  
University of Nigeria, Nigeria  
E-mail: [grace.ofoegbu@unn.edu.ng](mailto:grace.ofoegbu@unn.edu.ng)

**Purpose** - The purpose of this paper is to obtain the perceptions of Nigerian Accountants, Auditors and Accounting Academics on the effect of joint audit on audit quality. In particular, the study examines whether there is a relationship between the introduction of joint audit and audit quality from the perspectives of the 3 stakeholder groups.

**Design/methodology/Approach** - Accountants, Auditors and Accounting Academics were surveyed in Nigeria using a likert-type questionnaire. Responses to the questions were analysed using T- and ANOVA test statistics. An open ended question gave further insights into the effect of joint audit and Audit Quality.

**Findings** - Respondents believe that the introduction of joint audit will positively affect audit quality. Three reasons were significant to buttress their conclusion. The open ended question further clarified the hazy areas on joint audit and audit quality.

**Originality value** - This study contributes to debates over the propriety of introducing mandatory joint audits as a way of improving audit quality. The study also has implication for the Financial Reporting Council of Nigeria (FRCN) as it grapples with fashioning out a new corporate governance code.

**Keywords:** Joint Audits, Perception. Accountants, Auditors, Accounting Academics, Audit quality.

## Cash Flow Statement: View from Estonian Accountants.

---

Alver, Lehte  
Tallinn University of Technology, Estonia  
E-mail: [lehte.alver@ttu.ee](mailto:lehte.alver@ttu.ee)

Alver, Jaan  
Tallinn University of Technology, Estonia  
E-mail: [jaan.alver@ttu.ee](mailto:jaan.alver@ttu.ee)

The cash flow statement, as its name implies, summarizes a company's cash flows for a specified period of time. It is considered by many users to be the most important financial statement as it shows how well the managers govern company and how well the resources are managed. No financial statement tells the story of a company like the cash flow statement. It also helps to assess the ability of the company to generate cash inflow, thus to help to assess the going concern principle.

In the paper, the opinion of the Estonian professionals on the place and role of the cash flow statement is analyzed. The aim of the research is to evaluate how often data from the cash flow statement is used to evaluate, forecast and control everyday operations; which method is used to prepare cash flow statement and how thorough is the understanding of the usefulness of the cash flow statement and its analysis in today's Estonian accounting and management practices. The paper gives the research design as well as results of pilot survey. The survey included 20 main and 5 additional statements. The great majority of questions was built up using 5-grade Likert-scale.

The survey was concluded among the accounting/finance students and participants of professional accounting courses in the Tallinn University of Technology and in Kardis OU (the main provider of continued education courses in Russian language in Estonia). In total 297 questionnaires were distributed and 76 responses were collected.

Main findings are following. Absolute majority (91 percent) of respondents is totally agree or tend to be agree that there is an urgent need for the additional methodological materials for preparation of cash flow statement. Despite of taking courses in professional studies the participants usually do not remember how to prepare the cash flow statement. Although, it is interesting to emphasize that accounting professionals have better memory than the students do. This makes, along with the lack of the special literature, the cash flow statement highly time consuming, tricky to prepare and very difficult to understand. With regard to the importance of the cash flow statement for management, special questions were included to evaluate the managers' assessment of the company cash flow. The

answers showed that most of the managers underestimate the importance of the cash flow reporting and do not perform the cash flow analysis for evaluation of the company's performance. Although most of the respondents recognize that cash flow analysis focuses on how solvent, liquid and viable the company is; they still fail to bring the management's attention to the importance of its analysis. Probably it is happening because directors have yet to change their mentality from one where financial reporting is delegated to chief accountants to one where directors must ensure the true and fair preparation of financial statements of the company for its efficient financial management.

**An Examination of Human Resource Accounting Practice  
(HRAP) in Nigeria and India.**

---

Ande, Jane O. M.  
University Of Jos, Nigeria  
Email: [oyemine56@yahoo.com](mailto:oyemine56@yahoo.com)

Ogenyi, Mary Ada  
University of Jos, Nigeria  
Email: [maryadauj@yahoo.com](mailto:maryadauj@yahoo.com)

**Purpose** - This paper seeks to establish the position of HRA practice in Nigeria by comparing with HRA practice in India.

**Design/Methodology/Approach** - The study is explorative in design. Secondary data were collected from records of annual reports, financial statements and separate additional statements of sampled firms drawn from Nigeria and India. With the aid of content analysis, HRA practice was identified via a practice index developed by the researcher for that purpose. The Independent Samples t-Test was used to test formulated hypothesis at a five percent level of significance.

**Findings** - Based on Statistical analysis of data collected, it was found that a significant difference in the practice of HRA exists between Nigeria and India. The difference was brought about by the firms that valued their human resources and provide such information as additional information via a separate statement/annexure for public consumption.

**Practical implication** - The paper highlights the need for the Accounting Standards and Regulatory Bodies to develop guidelines for HRA practice and subsequently make pronouncement on HRA in order to encourage voluntary practice and disclosure of HRA information.

**Originality** - This paper expands literature on HRA by providing the first empirical evidence on HRA practice in the context of Nigeria and by extension Africa. Furthermore, it adds value to HRA literature by constructing a HRA practice checklist index for examining HRA practice in annual reports since none was in existence.

**Keywords** - Human resource accounting practice; HRA practice checklist

**Assessing the Application of Environmental Management Accounting in Investment Appraisal by Nigerian Firms - A Case Study.**

---

Okafor, Gloria O.  
Nnamdi Azikiwe University, Nigeria  
E-mail: [go.okafor@unizik.edu.ng](mailto:go.okafor@unizik.edu.ng)

Okaro, Sunday C.  
Nnamdi Azikiwe University, Nigeria.  
E-mail: [eziogidi@yahoo.com](mailto:eziogidi@yahoo.com)

Okoye, Emma I.  
Nnamdi Azikiwe University, Nigeria

**Purpose** - This paper seeks to assess the application of environmental management accounting in investment appraisal

**Design/ Methodology** – Data were collected with the use of questionnaires completed by the financial managers and chief accountants of sampled firms. The analysis of variance (ANOVA) was used to analyse the differences in application of environmental accounting in investment appraisal among firms

**Findings** – The paper finds that, although some environmental costs are obvious and quantifiable, majority of the firms do not consider these costs in taking investment appraisals. Significant differences exist among firms on the extent to which environmental management accounting is applied in appraising investments.

**Research Limitations/Implications** – only 25 manufacturing firms were sampled, even though they are among the big firms in the industry. However, the findings of this paper will help companies to take steps towards the identification and incorporation of environmental cost into variety of business decisions.

**Originality/Value** – This study contributes to the existing body of environmental management accounting literature by focusing on the application of environmental management accounting in investment appraisals by Nigerian firms.

**Keywords:** Environmental Management Accounting, Environmental Costs, Investment, Appraisal,

**Developing and Validating a Measurement Scale for Quality of  
Accounting Education**

---

Teeroovengadam, Viraiyan  
University of Mauritius  
Email: [v.teeroovengadam@uom.ac.mu](mailto:v.teeroovengadam@uom.ac.mu)

Seetah, Keshav  
University of Mauritius

Lamport, Matthew John  
University of Mauritius

The advent of phenomena such as internationalisation and marketisation of the higher education sector mean that ensuring and improving the quality of educational services is now a necessary requisite for higher educational institutions. Institutions offering educational services in the field of accounting in particular face intense competition for recruiting students and satisfying their students through the provision of high quality services is a key ingredient for success. As a matter of factor to improve service quality it must first be measured. The present study aimed at developing a valid and reliable scale for measuring quality of accounting education. The study was conducted in two main phases. An exploratory phase that consisted of qualitative methods and an explanatory phase which comprised of quantitative research methods. Quality attributes were first identified through a series of in-depth interviews, focus group discussions and review of existing course contents. A survey was then conducted among a sample of students. Exploratory factor analysis was used to extract main dimensions of functional service quality and technical service quality. The final measurement scale consisted of two primary dimensions of accounting educational quality, namely, functional service quality and technical quality which consisted of various sub-dimensions. The scale was subsequently tested and refined using a confirmatory approach.

## Strategic Relevance of CSR Dimensions

---

Pariag-Maraye, Neeveditah  
University of Mauritius, Mauritius  
Email: [n.pariag@uom.ac.mu](mailto:n.pariag@uom.ac.mu)

**Purpose** – Extensive literature exists on the concept of corporate social responsibility (CSR). CSR has been most commonly defined and operationalised in terms of the four dimensions of Carroll’s (1979) pyramid and further extended to include other layers. Extant scholarship had predominantly focused on the holistic idea of CSR, viewing it in its entirety. Few have focused on segregating each dimension of CSR and severally analysing each dimension when determining/attributing a CSR –related status to an organisation. This research will address this gap and highlighting the usefulness and relevance of dissecting/delaying CSR into various dimensions.

**Design/methodology/approach** –This study provides an extensive literature survey and theoretical discussion of the holistic versus a dissected approach to CSR. The literature review will highlight the various dimensions of CSR, how they have been captured and operationalised and the strategic fit and pertinence of the CSR dimensions approach. We argue that delaying CSR reflects the different stages of CSR implementation in an organisation and also the different lobbying forces at task. Furthermore, we dispute/challenge the assumption that all dimensions of CSR are attributed equal weighting in the holistic approach and that all of them has comparable characteristics.

**Practical implications** – Gauging the different dimensions of CSR and the specific related sub-dimensions would help these entities to better understand and engage with that specific CSR area when planning how to strategically operationalise and integrate CSR as part of their operations.

## A Measurement of Intellectual Capital Using the VAIC Model

---

Bhattu-Babajee, Reena  
University of Mauritius, Mauritius  
Email: [r.babajee@uom.ac.mu](mailto:r.babajee@uom.ac.mu)

**Purpose:** Intellectual capital, identified with human capital, human resources, intellectual property, intellectual assets, or knowledge resources, in the age of knowledge-based economy plays a crucial role almost in each organization. However, owing to the fact that this is a relatively new notion, among economists and practitioners of management there is no consistency with regard to the essence and the role of this capital in an organization as well as its measurement. This study therefore attempts to provide an insight into the role of IC in organizational performance, by defining the concept of IC and explain the different ways to measure it.

**Design:** The methodology this study will employ includes a review of the existing literature on the measurement of IC. It will describe the VAIC through its calculation formulae and aims to establish what exactly it is that the method measures by analyzing the various components that made up the VAIC Model.

**Findings:** As this is a theoretical paper, several hypotheses are presented for testing in the future.

**Practical implications:** Rather than being constrained by the traditional accounting models of measuring intangibles, a recognition of the different elements of IC on organizational performance would help organizations to understand better the organizational capabilities they possess, namely, the Human Capital.

**Value:** Throughout the literature, it is found that there is a significant relationship between the different components of IC of a company and its business performance, which proves the validity and rationality of the IC measurement model - the VAIC Index.

## Linguistic Approach to Determine (Net) Working Capital.

---

Alver, Jaan  
Tallinn University of Technology, Estonia  
E-mail: [jaan.alver@ttu.ee](mailto:jaan.alver@ttu.ee)

Alver, Lehte  
Tallinn University of Technology, Estonia  
E-mail: [lehte.alver@ttu.ee](mailto:lehte.alver@ttu.ee)

During the 20<sup>th</sup> century the English language has established itself as the world's business language, hence, is the architect of accounting terms. Unfortunately, sometimes the English terminology used in financial reporting and analysis also has shortcomings.

The purpose of this paper is to determine the essential nature and economic content of the terms *net assets*, *capital*, *net current assets*, *working capital*, *gross working capital*, *net working capital* used in the field of financial reporting and analysis, establish correct relationships between them, eliminate the anarchy in the usage of these terms and build up a correct system of terms. To achieve this goal the findings from a survey of specialized dictionaries and textbooks on financial reporting and analysis and the linguistic approach is used.

In the process of determining the correct relationships between the examined terms, semantical and logical connections are followed. To build up a correct system of terms and give them proper substance, the conventional balance sheet format and well-known relationships between different sections of balance sheet are used.

The first part of the paper is based on British and American literature and expresses the well-known term *capital*. The paper provides an overview how a word of Latin origin became an English adjective, noun, and verb with multiple meanings. The authors viewpoint and recommendations to use term *capital*, based on the linguistic approach to the balance sheet, is explained.

In the second part of the paper, the relationships between the different parts of the balance sheet and different explanations of *working capital* are thoroughly analyzed. Based on continuing use of the linguistic approach to the balance sheet, the building of correct system of terms is finalized. The paper identifies and addresses weaknesses in the definitions of working capital and net working capital. It demonstrates that working capital as well as net working capital are incorrectly defined in accounting and financial reporting literature, and it proposes alternative definitions.

The main contributions of the paper are, first, to identify flaws in the far-spread definitions of working capital and net working capital, second, to propose

alternative definitions to amend the concept of working capital, and third, a correct system of terms built up.

**Keywords:** accounting terminology, balance sheet, capital, working capital, linguistic approach.

## Can Availability of Internally Generated Funds Correlate with Investments in Tangible Fixed Assets?

---

Asien, Etumudon Ndidi  
Federal University Otuoke, Nigeria  
Email: [asiene@fuotuoke.edu.ng](mailto:asiene@fuotuoke.edu.ng)

The pecking order theory asserts that firms need to finance themselves first with internally available funds before resorting to outside sources. This theory is yet to be formalised with data from developing economies where small and medium-scaled enterprises predominate. Using Nigerian data, this paper investigates the association between internally generated funds and gross investments in tangible fixed assets. I expect current gross investments in physical assets to relate positively with one-year lagged assets stripping, one-year lagged profits/retained profits, and one-year lagged gap in short-term credit financing. Data obtained from the 2012/2011 audited financial statements of seventy-one Nigerian listed companies were analysed with multiple regressions. The results are largely consistent with a priori expectations. After controlling for firm size, I find that assets stripping and profits/retained profits have a positive and statistically significant link with gross investments in tangible fixed assets. I find a non-significant positive link between investments in tangible fixed assets and gap in short-term credit financing. The paper has practical implication for small scale entrepreneurs in Africa who find it relatively difficult to raise external finance for their businesses, and therefore need to make do with internally available funds.

**Keywords:** Investment activities, tangible fixed assets, assets stripping, retained profits, short-term credit financing, internal funds, internally generated funds, accounts payable, accounts receivable, Africa, Nigeria.

## A Review of Accounting Quality in Emerging Economies

---

Seetah, Keshav  
University of Mauritius, Mauritius  
Email: [k.seetah@uom.ac.mu](mailto:k.seetah@uom.ac.mu)

Soobaroyen, Teerooven  
University of Southampton, UK

Seetanah, Boopendra  
University of Mauritius, Mauritius

The purpose of financial accounting is to provide useful information to its users so that they can make informed decisions about allocation of resources. Financial accounting information being a part of the set of information that investors use in their decision making, is of good quality if it enable its users to make decisions. According to Beaver (1998) accounting information affects the distribution of wealth between people as well as the allocation of resources among firms. Good accounting information quality is important since it reduces the risk of investors and this allows companies to raise funds at a lower cost of capital, supports investment activities and results in a more efficient allocation of resources in an economy. It has often been argued that companies which operate in countries with high quality financial accounting information have a comparative advantage in attracting financial capital and as such accounting quality may be deemed crucial for companies in their attempt to attract capital for expansion purposes which can ultimately result in economic growth of a country. Although the literature is fraught with studies on accounting quality, (Francis, LaFond, Olsson, Schipper, Barth, Landsman, Leuz, Verecchia, Botosan and Plumlee amongst others) most of them were mainly geared towards developed and/or large economies and only very few studies have been carried, as at date, on emerging economies. Academic research in accounting assesses the quality of accounting information in terms of its desirable attributes. Until now there is no consensus on the most appropriate measure of earnings quality. The approach adopted in this systematic review of existing literature is to identify the proxies used to measure earnings quality, its determinants and its consequences in emerging economies. The conceptual paper also examined the inconsistencies in the results obtained by existing studies on emerging economies.

## Access to Finance and its Determinants among Ugandan SMEs: The Effects of Different Measurement Approaches.

---

Nanyondo, Mary  
Bournemouth University, UK

Tauringana, Ven  
Bournemouth University, UK  
Email: [vtauringana@bournemouth.ac.uk](mailto:vtauringana@bournemouth.ac.uk)

Andy Mullineux  
Bournemouth University, UK

**Purpose** - This paper investigates access to finance and its determinants among Ugandan small and medium-sized enterprises (SMEs). Specifically, the paper examines whether measuring access to finance on the basis of ‘received’ ( $ATF_R$ ) and ‘applied and received’ ( $ATF_{AR}$ ) approaches yield different results.

**Design/Methodology/Approach** - The study used a questionnaire that was self-administered to 206 Ugandan SMEs. Descriptive statistics were used to measure access to finance and binary logistics regression to model the relationship between access to finance and its determinants.

**Findings** - The descriptive statistics on the basis of  $ATF_R$  show that the rate of access to bank loans by the SMEs is only 6% as opposed to 61% for  $ATF_{AR}$ . Binary logistics regression results show that effective lending rates, transaction costs and collateral security are significant determinants of access to finance using both approaches to measure access to finance. However, the results also show that firm size and financial transparency are also significant determinants using the  $ATF_{AR}$  approach only. Firm age is found to be insignificant irrespective of the measurement approach.

**Research limitations/implications** - The study investigates the effect of only two ‘access to finance’ measurement approaches yet there are many more approaches that have been used to measure access to finance.

**Originality/Value** - The results provide evidence for the first time that using different ‘access to finance’ measurement approaches lead to very different reported rates of access to finance. Further, the results also show that there are some differences in the determinants of access to finance depending on which measurement approach is utilised to measure access to finance.

**Keywords** - SMEs; access to finance; determinants; effect; measurement approaches; Uganda

## Modelling Auditor Independence Factors in Uganda

---

### The Perception of Auditors, Users and Preparers of Financial Reports.

Nkundabanyanga, Stephen K.  
Makerere University Business School, Uganda  
Email: [hodaccounting@mubs.ac.ug](mailto:hodaccounting@mubs.ac.ug)

Kaawaase, Twaha K.  
Makerere University Business School, Uganda

**Purpose** – The purpose of this paper is two-fold: first to establish whether financial statements preparers perceive undermining and enhancing factors of Auditor Independence (AI) in the same way as users and external auditors and second to model AI factors in a developing country context.

**Design/methodology/approach** – A two-methods approach was used which comprises, use of a one-way ANOVA where the independent variable (AI factors) was measured using different participants or groups (preparers, auditors and users) to examine the differences in opinions between the groups, and confirmatory factor analysis technique of structural equation modelling to achieve the two-fold objective. We employed a quantitative design involving use of a survey questionnaire for accountants identified with entities' financial statements as preparers, external auditors or users in Uganda.

**Findings** – The main finding is that there are significant differences between the preparers and the other stakeholders (users and auditors) regarding their opinions on non-rotation of audit firm, staff and partners and, board control of appointment and remuneration of auditors as AI-undermining factors. The preparers opine that failure to rotate auditors and the control of auditor appointment and remuneration by the board is more AI-undermining, relative to the opinions of both the auditors and users regarding these factors. Financial statement preparers were more concerned than auditors and users that failure to rotate auditors and the control of auditor appointment and remuneration by the board undermines AI. A six-dimensional model was determined to fit the model of AI-undermining factors and a five-dimensional model best fitted for AI-enhancing factors.

**Research limitations/implications** – We did not conduct follow up interviews or focus group discussions to further explore the identified crucial factors as well as why respondents held certain views. However, this study sets an agenda for future research employing a longitudinal design to provide better insights into the issues. The paper provides two models that can be used by accountancy bodies or other

stakeholders as a starting point in improving/or evaluating AI in developing countries.

**Originality/value** – This study is representative of key parties on the demand and supply sides of the audit services market, auditors, financial report preparers and financial report users. It thus extends the frontiers of knowledge on critical factors affecting AI in a developing country context and has implications for theory, policy and practice.

**Keywords:** Auditor independence factors, preparers, users, financial statements, developing country.

**Unfair “Fair Value” in an Opaque Credit Default Swap Market:  
How Marking-to-Market Pushed the International Credit  
Crunch.**

---

Dontoh, Alex  
New York University, USA  
[adontoh@stern.nyu.edu](mailto:adontoh@stern.nyu.edu)

Elayan, Fayez A.  
Brock University, USA  
[felayan@brocku.ca](mailto:felayan@brocku.ca)

Ronen, Joshua  
New York University, USA  
[jronen@stern.nyu.edu](mailto:jronen@stern.nyu.edu)

Ronen, Tavy  
Rutgers University, USA  
[tronen@gmail.com](mailto:tronen@gmail.com)

**Purpose** - The paper investigates the effects of mark-to-market write-downs by financial institutions on equity returns, trading volume, and credit default swap premiums; and whether the write-downs induce contagion effects on similar institutions without write-downs.

**Design/methodology/approach** - We examine whether equity returns and CDS premiums of the non-announcing peer firms responded significantly to the write-downs of the announcing firms using a one-firm and two-firm matched sample design. We then explore the cross-sectional determinants of these equity returns and CDS premiums effects.

**Findings** - We find that firms that write down assets in accordance with mark-to-market rules not only experience significant abnormal negative returns and a spike in premiums of CDS written on their obligations, but that similar firms without write downs also exhibit sympathetic and significant negative abnormal returns at the same time as the write-down firms thereby providing clear evidence of contagion effects induced by mark-to-market accounting. We document that the amount of the write-down has a significant negative effect on both equity returns and a significant positive effect on CDS premiums. Moreover, these write-downs largely reversed immediately following the financial crisis once the market regained its liquidity.

**Originality/value** - These combined pieces of evidence imply that a significant portion of the financial-crisis-write-downs was due to temporary illiquidity having adverse effects on equity prices and CDS premiums beyond what would've been justified based on increases in credit risk alone. The findings suggests that the standard of measuring fair values by exit values under US GAAP SFAS 157 and International GAAP IFRS 13 that incorporate liquidity risk may need to be revisited.

**Keywords:** Contagion, fair value accounting, exit value, mark-to-market, credit default swap premiums, asset write-downs, international financial crisis.

## **Organizing Committee**

---

Professor Mathew Tsamenyi (China Europe International Business School, Chair AAFC/President AAFA)

Dr. Teerooven Soobaroyen (University of Southampton, AAFA Executive Member, Conference Co-Chair)

Dr. Boopen Seetah (University of Mauritius, Conference Co-Chair)

Dr. Raja Vinesh Sannasee (University of Mauritius, Program Chair)

Mr. Mathew Lamport (University of Mauritius)

Mrs Neeveditah Pariag-Maraye (University of Mauritius)

Dr. Jay Matadeen (University of Mauritius)

Dr Philippe Lassou (University of Southampton)

Mr. Keshav Seetah (University of Mauritius)

Mrs Sheereen Fauzel (University of Mauritius)

Mrs Reena Bhattu-Babajee (University of Mauritius)

Ms Nana Yaa Antwi-Gyamfi (China Europe International Business School, Secretariat Manager AAFA).

Mrs Narvada Gopy-Ramdhany

## **Country/ AAFA Liaisons**

---

Mr Mootooganagen Ramen (University of Mauritius)

Mr Ibrahim Bedi (University of Ghana, AAFA Treasurer)

Dr Venancio Tauringana (University of Bournemouth, AAFA Vice President International Relations)

Professor Jane Ande, (University of Jos, Nigeria, AAFA Vice President - Academic Development)

Lt Colonel Dandre C. van der Merwe (Stellenbosch University, South Africa)

Dr Josephat Mboya Kiweu (Strathmore University, Kenya)

Dr Stephen Nkundabanyanga (Makerere University, Uganda)

Dr Siasa Issa Mzenzi (University of Dar es Salaam, Tanzania)

Mr Olayinka Moses (University of Jos, Nigeria)

## **International Scientific Committee**

---

Professor Joshua Abor, University of Ghana, Ghana

Professor Lesley Stainbank, University of Kwazulu Natal, South Africa

Professor Emmanuel Emenyonu, Southern Connecticut State University, New Haven, USA.

Professor Taufiq Choudhry, University of Southampton, UK

Professor Andrew Goddard, University of Southampton, UK

Professor Shahzad Uddin, University of Essex, UK

Professor Michael Jones, University of Bristol, UK

Professor Collins Ntim, University of Huddersfield, UK

Professor Christopher Napier, Royal Holloway, UK

Professor Kwaku Opong, University of Glasgow, UK

Professor Mike Page, University of Portsmouth, UK

Professor Himachalam Dasaraju, Reva University, India  
Professor Donna Street, University of Dayton, Ohio, USA  
Dr Kenneth Amaeshi, University of Edinburgh, UK.  
Dr Kelum Jayasinghe, University of Essex, UK  
Dr Jyoti Devi Mahadeo, University of Mauritius, Mauritius  
Professor Lee Parker, RMIT University, Australia  
Professor Trevor Hopper, University of Sussex, UK  
Professor Alex Dontoh, New York University, USA  
Professor Ernest Kitindi, University of Dar es Salaam, Tanzania  
Dr Robert Ochoki Nyamori, La Trobe University, Australia.  
Mr Heri Rakotovololona, ESC Rennes, France.  
Dr Surendranath Jory, University of Sussex, UK.  
Dr Vikash Ramiah, University of South Australia, Australia.  
Professor Imad Moosa, Royal Melbourne Institute of Technology, Australia.  
Professor Ven Tauringana, University of Bournemouth, UK.

### **Ad hoc Conference Reviewers**

---

Dr Raja Vinesh Sannasee, University of Mauritius  
Dr Philippe Lassou, University of Southampton  
Dr Ibrahim Bedi, University of Ghana  
Dr Siasa Issa Mzenzi, Dar Es Salaam University  
Dr Ranadeva Jayasekera, Cranfield University  
Dr Boopen Seetanah, University of Mauritius  
Lt Colonel Dandre C. van der Merwe, University of Stellenbosch  
Dr Elewechi Okike, Academy for Excellence and Education  
Dr Teerooven Soobaroyen, University of Southampton

Dr Oliver Marnet, University of Southampton

Mr Zubair Ahmad, University of Essex

Mr Tam Nguyen, University of Southampton

Dr John Malagila, University of Southampton

Dr Mahmoud Al-Sayed, University of Southampton

Dr Chinyere Uche, University of Bristol

Dr Krishanti Vithana, University of Southampton

Dr Yun Dai, University of Southampton