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FINANCIAL MANAGEMENT CHALLENGES AND PERFORMANCE OF FINANCIAL INSTITUTIONS IN NIGERIA

BY

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Abstract

This study looked at the relationship between financial management difficulties and financial institution performance in Nigeria empirically. There were three study questions and three research hypotheses put out to see whether there was any correlation between the variables. The questionnaire was the major data-gathering tool. A Spearman Rank Correlation Coefficient Statistic was used to test the hypotheses based on the data that was obtained. The findings of the study suggest that a lack of financial competence in Nigeria has a beneficial and substantial impact on the country's banks. There is a correlation between the lack of financial policies in Nigeria and the lack of financial institutions. Lack of monitoring and control in Nigeria's financial institutions has a positive and substantial correlation. There is a favourable and substantial correlation between financial mismanagement and financial institution performance, according to the findings of the research, it was recommended that management should also consider expanding the financial expertise, financial policies, and monitoring and control programs to cover all departments and reviews done to ensure the programs are relevant. This will improve financial management.

Keywords: *Financial Expertise, Mismanagement, Policies and Financial Institutions*

Introduction

Financial mismanagement refers to the misappropriation of cash for one's own benefit, whereas corruption is defined as wrongdoing by an authority and maladministration as corrupt behaviour (Rangongo, 2016). The two names are used interchangeably. According to the Western Cape Education Department (WCED), "organizational maladministration is described as corrupt behavior that has spread over the world and results in non-compliance with administrative norms and standards." Financial incompetence refers to a manager's inability to carry out their financial obligations effectively and completely. Means that it might be the result of mistakes, ineptitude, carelessness, or neglect (i.e. financial misconduct in handling or reporting usage of money given). For example, in the event of bribery or criminal actions or the misuse of public funds for personal benefit, it may be deliberate (Ochse, 2004; Svensson, 2005; WCED, 2009). Mismanagement, incompetence, inefficiency, malpractice, and dishonesty all fall under the umbrella of maladministration (Collins, 2002).

The economy of Nigeria is one of the world's fastest-growing. Nigeria is both energetic and immature in terms of social and economic indicators. Since the 1970s, the economy has been heavily dependent on oil revenues. An up-to-date public opinion with money crop generation, mining, assembling and account management was transformed into a predictable and tall economic development for most of the twentieth century. Because to the massive devaluation of the local currency, the naira, as well as the ever-increasing inflation, this period was limited. The economy is always striving to find a solid foundation because of its over-reliance on the capital-intensive oil industry. Military and civilian officials alike ignored the need to diversify the economy away from oil, which accounts for 95 percent of distant trade profits and nearly 80 percent of the country's budgetary revenues (Svensson, 2005).

If a political system is well-functioning, the form of government initiative determines whether or not legislation may be passed. After 51 years of independence, Nigeria, a country blessed with abundant natural and human resources, is nonetheless beset by problems related to government administration and law. Nigeria has a problem with power and influence disappointment, and I'm trying to figure out why. According to the study, in order to have a significant impact and make real progress in Nigeria, it is imperative that authority be open, delegated, and capable of transforming. It has been described as "the totality of the activity of power in administering a nation's undertakings, including complex systems, methodologies, and institutions through which residents explain their investment and practice their legitimate rights," according to the United Nations Development Program (UNDP) of 1997. (Phillips, 2007). According to Adamolekun (2002), political influence is defined as the use of political power to address the problems of a country. Law principles, flexibility in declaration and acquaintance, constituent authenticity and responsibility, as well as improvements in local authority, were recognized by him as the most important administrative elements to consider for implementation.

Statement of the Problem

In the last several years, we've seen a number of bankruptcies. This emphasizes the necessity for a wide range of approaches to financial mismanagement in general. Mistakes in the banking sector are nothing new. Regulators expect commercial banks and other financial institutions to evaluate risk in accordance with established standards. Managers of commercial banks must have appropriate and trustworthy risk measures in place to minimise the likelihood that capital will exceed the limitations specified. Consequently, the management of commercial banks necessitates methods for monitoring and projecting on positions and appropriate incentives for risk management by business divisions and personnel (Collins, 2004).

Commercial banking in Nigeria has been plagued by troubles since the 1930s and have continued into the first half of the new millennium. In 1930, for example, 21 banks went out of business. When the Central Bank of Nigeria was established in 1958, about nine banks collapsed. There were still seven bank failures in 1989. From 87 banks in 2005, there were just 24 left by 2006. As if it wasn't bad enough, the number kept fluctuating between 25 and 24. When three banks were taken over by the Asset Management Corporation of Nigeria in 2011, this was Nigeria's most recent collapse (AMCON). There is a possibility that this issue will return. Is it possible that these banks are either not managing their risks at all, or that they are doing it in a subpar manner? Astonishing is an understatement when describing the Nigerian reality of the current financial crisis. Other questions include: Why does it appear that these banks are having difficulty solving what appears to be a common issue in the industry? (Akomori, 2009). Financial intermediation and resource allocation are harmed when a bank goes under. They impede both personal growth and the advancement of society as a whole. As a result, financial mismanagement and financial institutions' performance were examined in this study.

Research Questions

This study is guided by the following research questions;

1. To what extent does lack of financial expertise affect financial institutions’ performance?
2. To what extent does unavailability of financial policies affect financial institutions’ performance?
3. To what extent does lack of monitoring and control of funds affect financial institutions’ performance?

Research Hypotheses

H_{01}: There is no substantial link between lack of financial expertise and financial institutions’ performance.

H_{02}: There is no substantial connection between unavailability of financial policies and financial institutions’ performance.

H_{03}: Substantial connexion does not exist between lack of monitoring and control of funds and financial institutions’ performance.

2. Review of Literature

2.1 Conceptual Framework

2.1.1 Financial mismanagement and Financial Institutions in Nigeria

Management that is "wrong, terrible, thoughtless, inefficient, or incompetent" is financial mismanagement. Regardless of whether or not it was done intentionally, it will have a detrimental impact on the financial health of an organization or individual (Mostafa, 2014). Financial mismanagement can be done in a variety of ways. As an example, a lack of accountability, a failure to pay your bills and taxes, and a lack of attention to your financial situation can lead to financial mismanagement, which in turn can have a devastating effect on your economy. We can better understand how financial mismanagement might affect an economy's development if we look at examples of financial mismanagement in various industries and countries (Mostafa, 2014).

In order to achieve economic goals such as relieving poverty, resolving skills shortages, and lowering unemployment, financial resources must be properly applied (Odendaal, 2013). Monitor the implementation of a cost-effective plan by reviewing an institution's annual budget. Budgets are a way to keep track of predicted income and expenditures. In addition, the monitoring process is designed to ensure that funds are used to achieve the goals set forth in the strategic plan (Blumentritt, 2016). Managers have a framework for attaining departmental goals to the budget's financial plan. In a nutshell, the budget is a macro working plan from which an administrative body may build its operational plans and guarantee that the policy's goals are met. Operational plans are generated from a company's overall strategy plan and serve as a solid basis for carrying out operational tasks (Erasmus & Visser, 2007). Instead of focusing on what administrative and political leaders desire, the budgeting process should be based on what the communities want in terms of service. As revised during the previous decade, budgets are no longer only a technical procedure, but an organized system that is prepared for each fiscal year with specific goals for evaluating financial success (Broadbent & Cullen, 2013).

This procedure identifies the most important goals of a company and the necessary financial and human resources to achieve those goals. In the public sector, public financial management takes the form of creating budgets that take into account the demands of both the agency and the community it serves. In this way, the budget is both a financial strategy and a policy manual (Du Toit, Knipe, Van Niekerk, Van der Waldt & Doyle, 2012). An organ of state's budget is a financial document outlining the expected income and expenditures for a specific time period. A budget is a document that outlines a government agency's anticipated revenue and spending (Gildenhuys, 2013). Financial and non-financial data are included in budgets. According to a narrower definition of a budget, it's just an estimate of what the company will make and spend over a given period of time (Broadbent & Cullen, 2013). All of us in federal, provincial, and municipal government as well as many of our agencies and public institutions have been working on this budget for the better part of a year. Managers at all levels aren't happy with their budgets since the main challenges they confront in planning are a lack of control over major external elements that can have a substantial impact on a department's long-term success or failure. Inherent difficulties cannot be alleviated by any number-crunching (Finney, 2013).

The budgeting process is a useful financial management tool in company, especially when it comes to overseeing the purchase of capital equipment, projects, and machines (Blumentritt, 2016). An authority's financial inventory of what it should accomplish in order to meet the demands of the community it serves is referred to as a "budget (Gildenhuys, 2013).

2.1.2 Lack of Financial Expertise

Moral business ethics and following established control methods should be the center of financial management mind-set (Fish, 2011). This is the foundation for all other forms of internal control, providing both direction and framework. Components of internal environment control include a focus on integrity and good values; an emphasis on wellbeing; an understanding of organizational hypotheses; and an understanding of how the company distributes power, deals with, and grows its family. Establishing the five elements of the inner control system begins with internal environment control techniques. Each of these five components is influenced by how it is assigned and operated. As a result of this, sophisticated ventures should put up an appropriate control environment in order to maximize the impact of their interior control systems (Eden, 2016).

Financial administration rationality and working style, as well as the trustworthiness and moral judgments of workers who establish and regulate controls, and assess councils and directorates, will be examined in this study. Before beginning the research, we will consult with the company's executive team and numerous advisory groups (Verschoor, 2009). Whittington and Pany (2011), on the other hand, believe that these variables serve as a foundation from which the other internal control components may be constructed. They also serve as a framework for other sections to operate inside. Although these attestations have not generally been constant, the absence of teaching has consistently overridden these constraints in organizations' financial administrations.

Internal environment auditing techniques often comprise the following contexts. When it comes to personnel integrity and quality, the first step is to begin (Theodore, 2011). While on the one hand, they serve as subjects of internal control and oversee their own work, and also serve as objects of this internal control and are governed and controlled by it. The trustworthiness and quality of the employees who develop, monitor, actualize, and administrate the framework may not go beyond anything related to the internal control framework. In addition, there's the mind-set of financial management and the manner in which it's practiced (Eden, 2009). The financial management style and financial management idea of the leadership have an influence on the way in which the undertakings are overseen, notably the supervisor's solitary greatness and the ability to make a decision. Through accepting and defining the framework, directors govern the endeavour primarily by authorizing the association and financial administration component of the endeavour. In addition, there is the organization's structure to consider as a whole. Structure of an organization, comprising the organization's association structure and the individual's role in it, as well as his or her responsibilities. As a general rule, the grantee is the organization's structure (Dossing, 2015).

2.1.3 Unavailability of Financial Policies

These goals can only be met if financial policies are tailored to the individual needs of the countries and areas they are implemented in. The financial sector can play an important and productive role in promoting growth that benefits the poor by using the following channels (Svensson, 2015): saving money that can be utilized for investment and job development; generating loans for employment and poverty reduction at moderate and steady real interest rates; reducing poverty, the allocation of credit for job creation and the creation of assets for the impoverished (Talane & Pillay, 2013).

2.1.4 Lack of Monitoring and Control of Funds

Each stage of the expenditure cycle, at the very least, is recorded in a transaction register in most modern nations. This is true regardless of their accounting system or budgeting practices. At the expenditure agency level or through centralized control mechanisms, several developing nations maintain similar registers of spending (Macknorth, 2009). However, budgeting accounting is flawed in both circumstances. However, when records are stored by agencies rather than the Ministry of Finance, the latter cannot always access the data it needs to monitor budget execution. It's not uncommon for budgetary accounting in these countries to focus solely on expenditures. When budget execution is centralized, information on administrative activities that don't match to phases in the spending cycle might be a problem, though (Rangongo, 2016). Analysis of budget execution is impossible with such administrative data. On a "accrual" basis, spending agencies record their expenditures in the FSU nations (although not in conformity with generally accepted accounting principles). It was difficult to keep track of payments in a timely manner under these arrangements, notwithstanding their benefits. A system of payment monitoring is the focus of current work in these nations. One might argue about whether or not monitoring responsibilities and/or expenses during verification or payment is beneficial. Electronic technology has made it possible to gather information at every stage of the expenditure cycle, making it easier to keep track of expenditures. Appropriate appropriations recording, appropriations revisions, and transfers (Amakiri & Michael, 2020).

For effective administration, the interplay between appropriations and allocations must be considered. Choices on appropriation allocation and redistribution are scattered among several circulars in many developing nations. This makes it difficult to identify exactly which budget is being executed, as decisions are not included in a single document. A revised budget implementation plan is necessary to reflect appropriation decisions (Ochse, 2014). Obligational accounting is an important component of financial reporting ensuring that the budget's execution is kept in check. They serve as a foundation for creating a budget revision. Commitments made in the past must be taken into consideration when making budgetary decisions and developing cash flow projections. Spending agencies need to keep track of the orders and contracts they've issued in order to manage their internal operations. At the verification stage, it is critical for program and agency management to account for expenditures (also known as expenditure accounting). However, the information on depreciation, inventory, and other expenditures must be added to complete this cost assessment. Program and project implementation progress can be gauged by verifying expenditures (Svensson, 2006).

2.2 Theoretical Framework

Observations, meanings of concepts, research plans, presentations, and analyses are built upon a theoretical framework, much as a building's casing defines the main layout of a home (LoBiondo & Haber, 1998).

2.2.1 Control Theory

Interdisciplinary in nature, control theory is seen as a discipline that uses dynamical systems and data sources to construct game plans. The reference is a framework's external responsibility. Controllers govern commitments to a system when at least one yield component of the structure must follow a specified reference across time. This helps ensure that the yield of the system is met (Mokeki, 1996).

The purpose of a control hypothesis is to discover the controller's optimal collective activity in order to maintain system stability, i.e., to ensure that the system does not deviate from its set point. Inputs and outputs of a control framework are typically linked by differential conditions because of the need to produce an item following preparation. In order to construct criteria for control, it is necessary to set objectives and make expenditure arrangements. The purpose of control is to maintain an action or a situation within the parameters of what is expected, permitted, or seen. Nature has control mechanisms built right into its theory. There are several linked components, such as the social context that influences professional behaviour, the information necessary for control, and the techniques and methods that are used. The technique for deciding how these elements are organized inside control is known as the "inner control structure." On the control side, the importance of internal evaluation hones stems from the necessity to balance interests of administration with various firm members, so that the administration is held accountable for company growth and internal review division viability is increased. It is possible to use a variety of internal reviewing procedures to keep tabs on the administration's behaviour, including a powerful review board of trustees and both external and internal scrutiny. Using a corporate administration mosaic, show how various internal examining systems work together in synergy. Because of its importance to corporations and groups, the notion of control theory has been widely adopted. The purpose of conducting an internal review is to determine whether or not the framework for internal control is viable and functioning as intended.

2.2.2 Stewardship Theory

It is based on psychological and sociological theories that the steward is protected and that business performance is maximized in order to increase the shareholder wealth while also broadening the steward's utility cut-off points. Stewards are company leaders and managers who work, defend, and profit for the company's shareholders, according to their definitions. An important feature of the organization's structure, in contrast to agency theory, is stewardship, which views the top executives as stewards who work together to achieve a collective objective. If hierarchical success is achieved, stewards are convinced and satisfied, according to the idea presented here.

When it comes to the concept of stewardship, the philosophy of stewardship emphasizes the need of creating institutions that provide employees and other stakeholders a sense of agency and trust. Additional emphasis is placed on staff ranks or management positions in order to ensure that investors' profits are maximized. As Fama (2012) argues, directors and administrators, manage their careers to depict themselves as engaged stewards of the business. Managers claim that the idea of stewardship's participative management and involvement-oriented mentality is advantageous to the company by returning funds to shareholders and establishing a positive reputation. As a result, a company's internal audit department can do its job more efficiently and with fewer resources thanks to Philosophy.

According to Meckling and Jensen (2014), the costs of regulating agency difficulties, such as minimizing moral hazards, and information asymmetries, are decreased when the owners themselves run their businesses. You're more likely to connect your hobbies with growth and risk if you manage your own firm, which has a number of advantages. This is why the stewardship model differs from the traditional agency model in that it places less emphasis on the need to build up an internal audit department. However, Donaldson and Davis (2011) propose that combining the two approaches, rather than separating them, increases a company's profits. As a result, managers must find a middle ground between the theories of agency and stewardship.

Stewardship theory, which holds that managers act in their own best interests at the expense of shareholders, is used in this study to assess some of the risks connected with auditing processes. With this hypothesis, managers and audit committees will be more interested in finding any risks that may occur if their work fails to provide a clear picture of an organization's financial health. Stewardship Theory's solutions are predicated on the premise that the chief's actions are aligned with the interests of the principals.

2.3 Empirical Review

There is a strong correlation between deposit money institutions' profitability and liquidity and how well they manage their working capital, according to Umoren and Udo's (2015) study. Because bank performance and size correlate strongly with each other, as do profitability and the cash conversion cycle, Yeboah and Yeboah's findings are supported up by this fact: (2014). Shin and Soenen (1998) and Deloof (2001) find that the cash conversion cycle has a detrimental impact on profitability and risk-adjusted returns.

According to Afza and Nazir (2008), there are two types of working capital management policies: conservative and aggressive. 263 non-financial enterprises from 17 different industries made up the sample. Mandiefe's research found an adverse association between positive correlation and profitability in Indian firms (2016).

Sharma and Kumar's (2011) research work confirmed that Brigham's findings are mirrored in Indian businesses (2004). There is a favourable correlation between productivity and effective working capital management in Indian firms, according to Sharma and Kumar's study from 2011.

When Rahemen and Nasr (2007) examined from 1999 to 2004 the relationship between working capital management and corporate profit for Karachi Stock Exchange-listed businesses, they used static liquidity measures and operational working capital measures. The correlation between profitability and working capital management measures was found to be negative.

In Kenya, Otieno (2012) performed a research on the impact of corporate governance on the financial performance of commercial banks. Kenyan commercial banks' organizational governance and financial performance were investigated in a research. Corporate governance procedures and policies were examined as a factor in determining the productivity of Deposit Money Banks (DMBs). This study used a cross-sectional and analytic research approach. All of Kenya's 44 commercial banks were included in this study. The entire community was represented by a sampling ratio of 0.3. Findings from a study demonstrate that board members are heavily involved in all phases of strategy design and implementation for Nigerian banking institutions. An analysis of Nigerian banks suggests that they contribute to a growing and major research stream that focuses on financial services, particularly at a time when greater attention is paid to the level of regulation.

In Nigeria, a study by Adeyemi and Asaolu (2013) looked at financial reporting methods and bank stability. An investigation into post-consolidation banking practices and stability in Nigeria is the focus of this study. Between 2005 and 2009, in-depth content evaluations of 13 of the 21 Nigerian Stock Exchange-listed banks' published annual reports and accounts provided the primary data for this study. The CDI results showed that banks were exceedingly compliant with the criteria for required disclosure (mean more than 90 percent). Disclosure has a favorable and considerable impact on bank stability, as shown by the regression analysis (as defined by ROA and liquidity). According to the findings, despite banks' high levels of adherence to current regulations, they are nonetheless vulnerable to internal weakness and, as a result, financial crisis.

Research by Gadi, Emesuanwu and Shammah (2015) demonstrated that the financial performance of microfinance banks in Nigeria's North Central area was influenced by corporate governance practices. This study employed an ordinary least squares regression to analyze the data it collected. It was shown that the Pearson correlation between EPS and corporate governance (Board composition and Board committee compositions) was substantial, whereas the regression study found no meaningful association between corporate governance and bank financial performance. Research demonstrates that effective corporate governance procedures bring various benefits to banks, the most important of which is easier access to investment capital and a better public image for the companies themselves.

On the corporate governance of Nigerian banks, Adeoye and Amupitan (2015) did a research on the concerns and challenges. This information was obtained by filling out a survey form. Data was analyzed using descriptive statistics. Pre-consolidation banks are more likely than post-consolidation ones to have poor corporate governance, according to a new study. This includes a lack of information, frauds, override of internal control, and non-adherence to the bank's limits of authority, all of which contribute to a lack of effective corporate governance. There is also a lack of effective corporate governance in Nigeria's banks. Because of intentional override of strategic internal control systems, poor risk management or the absence of risk management frameworks, and other unethical practices by banks, the study concludes that Corporate Governance is necessary for banks to function properly, and some banks were on the verge of collapse if the apex bank had not intervened quickly to salvage the situation through various means.

Listed banks in Nigeria were studied by Abdulazeez and NdibeL (2016) for their corporate governance and financial performance. The quantitative data for the study was gathered from the bank's yearly reports and financial records. Multicollinearity testing was carried out using Pearson correlation and the VIF test. Using regression analysis, it was discovered that deposit money banks in Nigeria's financial performance is favourably and significantly influenced by having a higher board size. According to the findings, banks' output would rise with a larger board of directors. Having a big board reduces the ability of a single individual (maybe the CEO) to exert dominance over the board, and the committee's choices are perceived as the result of deliberation based on reason and consensus.

Asiligwa looked into the effect of inner controls on the economic efficiency of Kenyan commercial banks (2017). In measuring internal controls, we used the five components of internal control laid forth by the Committee of Sponsoring Organizations of the Treadway Commission, while in measuring financial performance, the study used the historical average of Return on Equity. As a result of its capacity to characterize the link between internal controls and financial performance, a descriptive study method was chosen. Commercial banks in Kenya were employed in the study. A systematic questionnaire was used to obtain primary data. Data analysis yielded descriptive statistics in the form of frequency tables, while inferential findings were presented using correlation and regression tables. According to the findings of the research, banks' strong financial performance may be attributed in part to the implementation and maintenance of sufficient internal controls. Due to the banking industry's highly regulated and organized environment, effective internal control is possible.

A study conducted in Uganda by Mawanda (2008) looked at the impact of internal control systems on financial performance at Ugandan universities. While financial performance was evaluated using liquidity, accountability, and reporting as measures of financial performance, the internal controls were evaluated using control environment, internal audit, and control activities as measures of internal controls. The study found a strong correlation between financial success and internal control systems.

Muthua (2012) looked at how the introduction of risk-based auditing in Kenyan commercial banks affected their financial performance. It was noted that financial performance is dependent upon the effectiveness and efficiency of internal audit. Despite this, the study focused on risk-based auditing. Internal auditing standards and auditing staffing should be improved to help companies recognize problems faster and focus on high-risk areas, according to the conclusions of the study, leading to better openness and accountability and hence improved financial performance.

Commercial banks in Kenya were examined by Ndege (2012), who analyzed their performance and financial parameters. The purpose of the study was to uncover elements, in a ratio form that affect bank performance as assessed via return on assets (ROA) and return on equity (ROE) (ROE). Kenyan banks may be judged on their ROA and ROE, according to the research. For a company, internal audit activities and recommendations have a long-term impact on the management of the business, determining whether or not it will succeed or fail. In order to ensure its long-term existence, management should emphasize its efficacy and acceptance at all levels.

Alipour (2014), an Iranian researcher, examined the link between WCM and profitability. In the period from 2001 to 2006, Tehran Stock Exchange-listed companies' WCM efficiency was measured using the cash conversion cycle. Using multiple regression and Pearson Correlation, he selected 1063 of the 2628 companies to test the hypothesis. The findings revealed a negative relationship between profitability and accounts receivable, inventory, and accounts payable. In addition, the cash conversion cycle was found to have an adverse association with productivity. By lowering accounts receivable and inventory, managers may create value for shareholders, according to the study's results, which found that working capital management (WCM) has an enormous influence on a company's profitability.

2.4 Gap in Literature

Firm value had been estimated by Schiff and Lieber (2009), Sartoris and Hill (2013), and Kim Chung (2015), however, no proof is shown that businesses can actually maximize their value through the use of working capital management choices. " There has been the most progress toward resolving this issue in the study of Shin and Soenen (2010), which examines the link between multiple accounting profitability indicators and net trade cycles, a summary efficiency measure of a firm's working capital management. Cash-to-equity conversion can boost a company's operating performance, a research by Wang claims (2012). Small and medium-sized businesses in Spain were studied by Teruel and Solano (2017) to better understand the cash conversion cycle. They found that companies may generate value by reducing the number of days inventory is held and the time it takes to recover debts. While this is the general consensus, some researchers believe that increasing investment in the cash conversion cycle (a conservative strategy) will help companies make more money because keeping large inventories will boost sales, lower supply costs, reduce the impact of production interruptions, and protect against price fluctuations (Blinder & Maccini, 2012). Increasing the amount of time it takes for debtors to be repaid may also improve customer relations and enhance sales income (Ng, 2017).

3. Methodology

The descriptive survey design approach is to be used and this will guide the researcher to obtain data from the Nigeria Banking Sector through the questionnaire instrument. The population primarily is made up of secretarial employees of selected commercial banks in Bayelsa State. Further, the data was gotten from the public relations units (customer care representatives) of the organization. The accessible population as at the time of this research is summed to be 702 personnel. The chosen banks' human resources departments contributed the information for this statistic. A sample size was sought as a representative unit with the same characteristics because the population is big and cannot be adequately covered due to study costs and timelines. Using the Taro Yamani (1973) statistical method for determining sample size, the sample size was determined to be 254. The formula is stated thus:

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

Where: n = Sample size unknown; N = Population size; α = level of significance (0.05)

$$n = \frac{702}{1 + 702(0.05)^2}$$

n =254

We relied on primary and secondary sources to gather information for our study. Questionnaires, oral interviews, and observations were the key sources of data used in this study. The survey instrument designed was in both structured and unstructured form to capture both demographic details of participants and guided for objective responses. The survey instruments were distributed and participants were allowed 15 working days to complete them, and the study coordinator obtained the results from them once they were completed. The questionnaire was designed using the 5 points Likert scale ranging from 5=Strongly Agree to 1=Strongly Disagree. The instrument as directly handed on the respondents as a way of enhancing participation.

The research instrument was subjected to validity test. The instrument was served on the supervisors and some consulting knowledge management experts. Their responses enabled us make necessary corrections and validate the questionnaire. In the case of reliability which is used to ascertain instrument consistency, this was ascertained through a test re-test method on some sample elements and this consistently gave an alpha of 0.84 which is considered good for the study relying on Nun ally alpha threshold of 0.7. The data obtained from the fieldwork are refined for all purpose and understanding. In order to achieve this, we have used both description and inferential statistics to give meaning to the data. The descriptive analysis was done using simple percentage and the inferential analysis used the Spearman Correlation of Ranks Coefficient to establish the bond amongst the examined dimensions, all of this was done using the SPSS software. The choice of this package was based on the nature of data generated from the survey instrument used.

To test the relationship between financial mismanagement and financial institutions in Nigeria, the study specifies that:

ROA=F(LFE, INFR, IP)……………………… …(1)

FI= $\beta_{0+}\beta_{1,}$LFE+β_2UFP+β_3LMC+μ_1 …………………… (2)

Where,

$\beta_{0\,=}$ Constant Term; $\beta_{1,\,=}$ Coefficient of Independent Variable; µ = Stochastic Error Term

LFE= Lack of financial expertise; FI = Financial Institutions (Proxy by Performance); UFP = Unavailability of financial policies; LMC = lack of monitoring and control

4. Data, Analysis, and Interpretation

4.1 Presentation and Analysis of Data

Table 4.1: Distribution and Retrieval of Questionnaires

No. of questionnaires administered	No. of questionnaires retrieved	No. of questionnaires not valid	% of questionnaires retrieved
254	231	23	90%

Source: Survey Data, 2022.

Table 4.1 shows that 300 questionnaires were distributed out of which the whole 231 were retrieved and 23 were invalid. This means 90% of the questionnaires was retrieved and used in the research.

4.2.1 Presentation and Analysis of Results

Table 4.2 Gender of the Respondents

		Frequency	%	Valid Percentage	Cumulative %
Valid	Female	84	36.3	36.3	36.3
	Male	147	63.6	63.6	100.0
	Total	231	100.0	100.0	

Source: Survey Data, 2022.

Table 4.2 shows the breakdown of the survey participants by gender. Only 36.3 percent were female, according to a chart showing the percentage of responders. This suggests that there were more men than women among those who answered the survey.

Table 4.3 Marital Status of Respondents

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Married	138	59.7	59.7	59.7
	Single	93	40.2	40.2	100.0
	Total	231	100.0	100.0	

Source: Survey Data, 2022.

This table lists the respondents' marital status. 40.2 percent of respondents were unmarried, while 59.7 percent were married, according to the table above. More married respondents were found than single ones in this study.

Table 4.4 Work Experience of Respondents

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	1-5 years	43	18.6	18.6	18.6
	6-10 years	69	29.8	29.8	29.8
	11-15 years	80	34.6	34.6	34.6
	over 15 years	39	16.8	16.8	100.0
	Total	231	100.0	100.0	

Source: Survey Data, 2022.

Table 4.4 above shows the professional backgrounds of the respondents. Only 18.6 percent of those questioned had no previous work experience, 29.8 percent had six to ten years of work experience, 34.6 percent had eleven to fifteen years of work experience, and 16.8 percent had more than fifteen. Because of their extensive experience working in financial institutions, these respondents are well-qualified to comment on the efficiency of the organizations they worked for.

Table 4.5 Educational Qualification of Respondents

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	SSCE	0	0	0	0
	HND/BSc	62	26.8	26.8	26.8
	MSC/MBA	139	60.1	60.1	60.1
	Others	30	12.9	12.9	100.0
	Total	231	100.0	100.0	

Source: Survey Data, 2022.

Table 4.5 displays the respondents' educational backgrounds. SSCE was not an option for any of the respondents, as can be seen from the table; 26.8% had either a BSc or HND, 60.1% had a master's or MBA, and 12.1 percent were unqualified in other ways, as can also be seen from the table.

Table 4.6: Lack of Financial Expertise Relates with Financial Institutions in Nigeria

	Lack of Financial Expertise	SA	A	U	D	SD	Total
1	My organization can go into loss for mismanagement of funds	151 (65.3)	46 (19.9)	6 (2.5)	17 (7.3)	11 (4.7)	231 (100)
2	My organization can go bankrupt for mismanagement of financial records.	74 (32)	112 (48.4)	15 (6.4)	23 (9.9)	7 (3)	231 (100)
3	My organization can go loss money for lack of financial expertise	111 (48)	79 (34.1)	2 (0.8)	37 (16)	2 (0.8)	231 (100)
4	My organization can misuse money without a financial expertise	124 (53.6)	74 (32)	16 (6.9)	10 (4.3)	9 (3.8)	231 (100)
5	My organization can miss allocate financial resources without financial expertise	74 (32)	112 (48.4)	15 (6.4)	7 (3)	23 (9.9)	231 (100)

Source: Survey Data, 2022

Table 4.6 above shows the responses of respondent on the extent to which Lack of Financial Expertise relates to Financial Institutions in Nigeria. The table shows that the first, third, and fourth items with 65.3% 48%, and 53.6%, respectively, strongly agree and the second and fifth items with 48.4% and 48.4% respectively, agreed.

Table 4.7: Unavailability of Financial Policies with Financial Institutions in Nigeria

	Unavailability of Financial Policies	SA	A	U	D	SD	Total
1	My organization can mismanage funds without financial guidelines.	122 (52.8)	84 (36.3)	9 (3.8)	11 (4.7)	5 (2.1)	231 (100)
2	My organization can miss-allocate financial properties Without laid-down policies.	91 (39.3)	120 (51.9)	7 (0.8)	8 (3.4)	5 (2.1)	231 (100)
3	Laid-down financial policies can improve management of funds.	116 (50.2)	88 (38.)	11 (4.7)	9 (3.8)	7 (0.8)	231 (100)
4	Financial policies can facilitate flow of financial resources in my organization.	135 (58.4)	78 (33.7)	7 (0.8)	6 (2)	5 (2.1)	231 (100)
5	My organization can limit loss of financial resources through laid down policies.	98 (42.4)	108 (46.7)	8 (3.4)	11 (4.7)	6 (2.5)	231 (100)

Source: Survey Data, 2022.

Table 4.7 above shows the responses of respondents on the extent to which Unavailability of Financial Policies influences Financial Institutions in Nigeria. The table shows that the first, third, and fourth items with 52.8%, 50.2%, and 58.4% respectively, strongly agree and the second and fifth items with both 51.9% and 46.7% agreed.

Table 4.8: Lack of monitoring and control with Financial Institutions in Nigeria.

	Lack of Monitoring and Control	SA	A	U	D	SD	Total
1	Loss of funds can be as a result of lack of control.	128 (55.8)	79 (36.2)	7 (2.3)	9 (3)	7 (2.7)	231 (100)
2	My organization loss money because of lack of control.	109 (49.5)	102 (43.8)	9 (3)	6 (2)	5 (1.7)	231 (100)
3	Mismanagement of financial resources can be as a result of lack of control.	100 (55.1)	110 (36.5)	9 (3)	5 (2.7)	5 (2.7)	231 (100)
4	Mismanagement of financial allocation can be as a result of lack of monitoring the financial expert.	96 (50.1)	105 (39.9)	12 (4)	10 (3.3)	8 (2.7)	231 (100)
5	My organization suffer inappropriate financial record.	106 (43.2)	117 (47.5)	2 (2.7)	5 (3.6)	4 (3)	231 (100)

Source: Survey Data, 2022.

Table 4.8 above shows the responses of respondents on the extent to which. Unavailability of Financial Policies influence Financial Institutions in Nigeria. The table shows that the first and second items with 55.8% and 49.5%, respectively, strongly agreed and the second and third, fourth, and fifth items with 36.5%, 39.9%, and 47.5% respectively, agreed.

Table 4.9: **Financial Institutions in Nigeria**

	FINANCIAL INSTITUTIONS IN NIGERIA	SA	A	U	D	SD	Total
1	Proper management of financial control improve financial performance	74 (32)	112 (48.4)	15 (6.4)	23 (9.9)	7 (3)	231 (100)
2	Prudent financial expert manage financial resources to improve financial performance	100 (55.1)	110 (36.5)	9 (3)	5 (2.7)	5 (2.7)	231 (100)
3	Financial training help improve financial performance our company	98 (42.4)	108 (46.7)	8 (3.4)	11 (4.7)	6 (2.5)	231 (100)

4	Our company employ financial expertise for proper management of finance	122 (52.8)	84 (36.3)	9 (3.8)	11 (4.7)	5 (2.1)	231 (100)
5	Our company ensure effective control of finance management.	116 (50.2)	88 (38.)	11 (4.7)	9 (3.8)	7 (0.8)	231 (100)
6	Our company ensure effective monitoring of finance allocation	124 (53.6)	74 (32.)	16 (6.9)	10 (4.3)	9 (3.8)	231 (100)
7	Our company employ financial expertise for financial consultation	98 (42.4)	108 (46.7)	8 (3.4)	11 (4.7)	6 (2.5)	231 (100)

Source: Survey Data, 2022.

Table 4.9 show the response of the respondent on Financial Institutions in Nigeria. The respondents have responded on the extent of firm's effectiveness based on the way effectiveness is measured in their various firms. The table shows that the four, five, and sixth item with 52.8%, 50.2%, and 53.6%, respectively, strongly agreed. While the first, second, third, and seventh items with 32%, 55.1%, 46.7 respectively agreed.

4.3 Test of Hypotheses

The main focus of this part is on the statistical testing of the study's hypotheses and the interpretation of those results using the Spearman Rank Correlation Coefficient.

4.3.1 Hypothesis One

H_{o1}: There is no significant relationship between Lack of Financial Expertise and Financial Institutions in Nigeria.

Table 4.10: Correlational outcome on Lack of Financial Expertise relates with Financial Institutions in Nigeria.

			Lack of Financial expertise	Financial institutions in Nigeria,
Spearman's rho	lack of financial expertise	Correlation Coefficient	1.000	.837**
		Sig. (2-tailed)	.	.000
		N	231	231
	financial institutions in Nigeria	Correlation Coefficient	.837**	1.000
		Sig. (2-tailed)	.000	.
		N	231	231
**. Correlation is significant at the 0.01 level (2-tailed).				

Decision:

From the *r*=0.837, the study outcome shows that a high relationship between Lack of Financial Expertise and Financial Institutions in Nigeria.

Furthermore, a p-value of 0.001 indicates that the connection is significant. There is a strong correlation between Nigerians' lack of financial knowledge and the country's financial institutions.

4.3.2 Hypothesis Two

H_{o2}: There is no significant relationship between Unavailability of Financial Policies and Financial Institutions in Nigeria.

Table 4.11: Correlational Outcome on Relationship between Unavailability of Financial Policies and Financial Institutions in Nigeria.

			Unavailability of Financial Policies	Financial Institutions in Nigeria
Spearman's rho	UNAVAILABILITY OF FINANCIAL POLICIES	Correlation Coefficient	1.000	0.866**
		Sig. (2-tailed)	.	0.000
		N	231	231

	FINANCIAL INSTITUTIONS IN NIGERIA	Correlation Coefficient	0.866**	1.000
		Sig. (2-tailed)	0.000	.
		N	231	231
**. Correlation is significant at the 0.01 level (2-tailed).				

Decision:

The results of the study demonstrate that there is a resilient positive link between the absence of financial policies and financial institutions in Nigeria, with r value of 0.866. A p-value of 0.001 indicates that the link is statistically significant. According to this result, the null hypothesis has been refuted, which shows there is a strong correlation between the absence of financial policies and financial institutions in Nigeria.

4.3.3 Hypothesis Three

H_{o3}: There is no substantial connection between Lack of monitoring and control and Financial Institutions in Nigeria.

Table 4.12: Correlational Outcome on Relationship between Unavailability of Financial Policies and Financial Institutions in Nigeria.

			LACK OF MONITORING AND CONTROL	FINANCIAL INSTITUTIONS IN NIGERIA
Spearman's rho	LACK OF MONITORING AND CONTROL	Correlation Coefficient	1.000	.900**
		Sig. (2-tailed)	.	.000
		N	231	231
	FINANCIAL INSTITUTIONS IN NIGERIA	Correlation Coefficient	.900**	1.000
		Sig. (2-tailed)	.000	.
		N	231	231
**. Correlation is significant at the 0.01 level (2-tailed).				

Decision:

The r =0.900 indicates that there is a strong positive correlation between financial institutions and lack of monitoring and control in Nigeria. Furthermore, a p-value of 0.001 indicates that the connection is significant. If this is true, it signifies that the null hypothesis has been rejected and that there is a strong link between a lack of oversight and control and the financial institutions in Nigeria

4.4 Discussion on findings

The first hypothesis state that, there is no substantial link between Lack of Financial Expertise and Financial Institutions in Nigeria, but from the analysis and results of this work it is seen that momentous connection between Lack of Financial Expertise and Financial Institutions in Nigeria. It was also seen that some components such as integrity and good values, and devotion to wellness shapes the way things are done in the environment. It was also discovered that if this financial expertise are not present financial institutions in Nigeria will not function adequately.

5. Conclusion and Study Implication

5.1 Summary of Findings

The findings of the study are summarized as follows:

1. The study found that Lack of Financial Expertise relates positively and significantly with financial institution in Nigeria.
2. It was also found in the study that there is a positive connexion between unavailability of Financial Plans and financial institution in Nigeria.
3. The study found out that there is a positive and noteworthy association between Lack of monitoring and control and financial institution in Nigeria.

5.2 Conclusion

The conclusions we have made in this study have no doubt supplemented in great measures, the stock of knowledge in the field of financial mismanagement by adding to the numeric of scanty studies that investigated each dimensions of financial institutions efficiency against financial mismanagement. However, the utmost key result of this study is the empirically justifiable optimistic and noteworthy association between financial mismanagement and financial organisations productivity.

5.3 Recommendations

The study revealed that there was indeed a strong connection between financial mismanagement and financial organizations efficiency. However, there are a few respondents who were not aware of the possibly have not been engaged at all. This implies that further investigations could be conducted in order to establish which Lack of Financial Expertise programme and specific departments have not fully implemented the Financial Expertise, Financial Policies, and monitoring and control programmes. The management should also consider expanding the Financial Expertise, Financial Policies, and monitoring and control programmes to cover all departments and reviews done to ensure the programmes are relevant. This will improve financial management.

5.4 Knowledge Contribution

So far, the research has made a significant contribution to the body of knowledge on the subject matter. However, literature on same subject is few in this line of study.

It is empirical to state that financial mismanagement has an inspiration on financial efficiency of the institutions under study.

5.5 Suggestions for Further Studies

It is suggested that further research should be conducted in the aspect of financial management and performance in other sectors of the economy.

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