Peace Accounting and Financial Performance of Listed Deposit Money Banks in Nigeria

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Abstract: - The banking sector is recognized as one of the cornerstones of the contemporary economy when it comes to the security of investor funds and deposits. To guarantee the security of money, the Nigeria Deposit Insurance Corporation and other regulatory bodies have put in place a variety of adjustments and regulations. Numerous environmental factors have been linked to a decline in bank performance over time, according to published research. Finding out how peace accounting affected the financial performance of Nigerian listed deposit money banks was the study's main goal. The study adopted the Ex Post Facto Research Design. The Population was 14 listed deposit money banks. The sample size was 10 selected using a purposive sampling technique for a period of 10 years (2013-2022). Data was analyzed using inferential statistics. The result shows that Peace Accounting measured with Corruption, Security, and Foreign Aid had a significant effect on Return on Asset (Adj $R^2 = 41.8$, F-stat $(5, 96) = 89.01$, $p < 0.005$). Peace Accounting had a significant effect on Net Profit Margin (Adj $R^2 = 40.7$, F-stat $(5, 96) = 142.80$, $p < 0.005$). The study concluded that Peace Accounting had a significant effect on the Financial Performance of Deposit Money Banks listed in Nigeria. The study recommended that there is the need for the government to avoid policies and activities of the government of a country that can lead to conflicts that might disrupt economic activities thereby affecting performance, so that more funds can be committed towards tackling insecurity thereby improving the Return on Assets of Deposit Money Banks.

Key-Words: - Banking Sector, Contemporary Economy, Financial Performance, Investors, Net Profit Margin, Peace Accounting, Return on Assets.

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1 Introduction/Background to the Study

Deposit money banks are widely acknowledged for their vital role in supplying financial stability, enabling capital transactions, offering loans to individuals, businesses, and companies, and acting as an intermediary between the general public and each nation's central bank. With a variety of services that improve the general standard of living in the economy, the banking sector significantly boosts the competitiveness and growth of any economy, developed or emerging. Governments have long prioritized raising the efficiency of the banking sector because of the sector's critical role in a nation's overall economic condition. However, the banking sector's services are incredibly unpredictable, and the business itself is dangerous. Deposit money banks are often the focus of threats and uncertainty due to their centrality to the regulation of financial activities; this negatively affects the banks' liquidity performance, [1]

The banking sector is recognized as one of the cornerstones of the contemporary economy when it comes to the security of investor funds and deposits. To safeguard the security of money, the Nigeria Deposit Insurance Corporation (NDIC) and other regulatory bodies have put in place a number of changes and regulations. But the most crucial consideration for all of these operations and activities is the security of the environment. A chaotic environment might cause many operational disruptions, which could eventually drain investor funds. Concerns about security might jeopardize both economic development and peaceful coexistence, [2]

Thus, it can be said that the majority of countries in the world prioritize development and expansion in order to sustain a viable economy. [3] assert that if left unchecked, environmental and atmospheric pollution, oil spills, depletion of the ozone layer, global warming, and climate change can all endanger peace in the environment and negatively impact a country's economic performance, economy and security are closely related, [4].

[5] GDP and development are often associated nowadays, despite this idea being relatively recent. GDP makes sense as a metric of development even though it has limitations as a gauge of human welfare. Sub-Saharan Africa has the lowest rates of electricity access worldwide. The region's economic growth is also extremely low, with an anticipated 2.8% increase in 2018 compared to 7.1% in South Asia. Lack of energy access is one of the primary causes of conflict between the people and governments of many sub-Saharan African states, which has hampered economic progress and sustainable development, [3].

[5] contend that the current slowdowns in economic growth experienced by numerous emerging countries are mostly the result of violent conflict. Conflicts, violence, terrorism, and instability are the causes of at-risk employee compensation, expensive security measures, higher insurance premiums, and other corporate expenses and claims, [6]. Moreover, recessions during violent wars are a major factor in the considerably lower average growth rates that fragile countries like those in Sub-Saharan Africa experience over time, [6].

A 2018 World Bank investigation found that the relationship between fragility and poverty is becoming stronger. By 2030, predictions indicated that 43–60% of the world's most impoverished people will live in circumstances that were defined by fragility, conflict, and violence (FCV). Major risks such as pandemics, violent extremism, food shortages, and climate change will therefore increase. Given the degree of instability in the area, violence or war poses a threat to the food security of the residents of these rural Sub-Saharan African villages, according to [7]. Many Sub-Saharan African countries face a range of security challenges that have jeopardized their ability to cohabit peacefully and flourish economically. [8], [9] observed that conflicts are a contributing factor to economic instability in the country and that maintaining peace is becoming more expensive in terms of both money and human resources. In addition, the destruction of social infrastructure, along with the loss of life and property, will result in a large financial loss. One barrier to human development, [4] is that employing force to put an end to agitations usually results in the loss of human capital, which is the most valuable resource in a nation. Unlike other assets, human capital can take years to replace and can occasionally be difficult to execute flawlessly.

Most governments that cope with insecurity are reluctant to acknowledge the destruction of public assets, particularly assets related to human capital. Without considering the potential harm that these distortions could cause to the accounting system, it's plausible that the agent is behaving in this way to prevent inciting fear and panic among the public. This undoubtedly affects these countries' economic performance, [10]. Another problem is the exodus of human capital since many of Nigeria's most brilliant minds are leaving the country to flourish in other countries, [4].

Governments throughout the world provide the frameworks required for their economies to grow or stay stable while also watching out for the preservation of law and order and ensuring the security of citizens and property. Nigeria, a developing nation, is also included in this since it is steadfast in its pursuit of being among the top economies in the world. It's interesting to remember that Nigeria's GDP ranked as the largest in Africa and the twentieth in the world up until May 2015. Right now, everyone in Nigeria who means well is worried about maintaining this kind of attitude, especially considering the recent steep drop in the price of crude oil on the international market and the continuous depreciation of the Naira. Even though the depreciation of the Naira's value could have some positive economic effects if it is intended to encourage investors to increase their economic contributions, the fact remains that there are issues that need to be resolved, such as the militancy and insurgency activities. This is because no investor will want to invest in an economy where the external environment is full of uncertainties and insecurity.

Because battling social vices like these requires a substantial portion of a country's resources, the government sets aside a sizable amount of money annually to try and address these issues. However, there was no such peacekeeping organization in place before the emergence of insurgency in the Niger-delta region in 1993. On the other hand, data show that the federal government's continuing spending increases dramatically with the implementation of measures meant to maintain peace in the Niger-delta region, [11]. Though it is evident that peacekeeping continues to be a useful tool for delivering peace to conflict-prone areas, the issue of how the country can sustain its economy in the face of such challenges—especially considering the significant financial risks remains.

Like any other financial management, the government has to plan ahead, gather, and distribute its limited financial resources. However, considering the status of the economy right now, this emphasizes the necessity of allocating costs to initiatives that would boost the economy. Additionally, it forces the government to consider the necessity of diversifying the economy by boosting investments in the real sector and shifting from a monocultural to a multiproduct economy. This also calls for an evaluation of the necessary steps to control, reduce, and reallocate costs where necessary in order to maintain and grow her economy. The country's income has already been impacted by the sharp decline in the price of crude oil and the depreciation of the Naira. Consequently, it becomes sense to consider the extent and ramifications of the government's financial involvement in peacekeeping, [12].

1.1 Statement of the Problem

Since the country's banks were established in 1892, Nigeria has suffered from bank failures and liquidations. In 1998, the Central Bank of Nigeria liquidated sixteen banks as a result of two years of subpar performance. Back then, many merchant banks without the requisite banking experience could easily get banking licenses to maintain their operations because the allowed share capital of regulated commercial banks was as little as N2 billion. As a result, the share capital of the majority of banks fell, and dishonest and chaotic business practices proliferated. As a result, a number of institutions were unable to repay depositor money and carry out their contractual obligations. This signaled the beginning of the turbulent banking crisis in Nigeria. The banking public began to lose interest in the banks as a result, and there was a crisis of faith in them, [13].

To avoid a catastrophic collapse of the banking industry and its important role in the economy, the CBN, the nation's regulatory authority, thoroughly reviewed the inherent risks in all banks operating in the country. The banks underwent a dramatic consolidation in 2006 as a result of this examination, and their share capital was raised. The CBN separated the commercial banks into three groups: national commercial banks, regional commercial banks, and commercial banks with overseas branches. The required share capital for every group was different. CBN Circular 01 (2010) said that commercial banks needed to have N10 billion in share capital for regional banks, N25 billion for national banks, and N50 billion for commercial banks with branches abroad.

Although global banking reforms have been ongoing since the 1980s, they have lately intensified as a result of globalization, which is driven by the ongoing integration of markets and economies on a worldwide scale. The components for banking reforms vary in each country due to institutional, historical, and economic factors. Before the financial crisis, which was brought on by a variety of factors such as severely undercapitalized deposit-taking banks, a weak regulatory and supervisory framework, inadequate management practices, and a willingness to overlook flaws in banks' corporate governance conduct, the Nigerian banking sector underwent reforms, [14]. Reforms and recapitalization of the banking system have resulted from deliberate governmental responses to anticipated or impending crises in the sector and the failures that followed. A banking crisis can be triggered by several weaknesses in the banking industry, including persistent illiquidity, insolvency, undercapitalization, a high percentage of non-performing loans, and inadequate corporate governance. In a similar vein, highly open economies like Nigeria, with their deficient financial infrastructure, may be inherently vulnerable to international banking crises, [15].

1.2 Objective of the Study

The main objective of this study is to investigate how peace accounting can affect the financial performance of listed deposit money banks in Nigeria with specific objectives:

1. examine the effect between Peace Accounting and Return on Assets of Listed Deposit Money Banks in Nigeria;
2. ascertain the effect between Peace Accounting and Net Profit Margin of Listed Deposit Money Banks in Nigeria.

1.3 Research Hypothesis

H_{01}: There is no significant effect between Peace Accounting and Return on Assets of Deposit Money Banks listed in Nigeria.

H_{02}: There is no significant effect between Peace Accounting and the Net Profit Margin of Deposit Money Banks listed in Nigeria.

2 Literature Review

2.1 Conceptual Review

2.1.1 Financial Performance

"Financial performance" refers to the ability of a bank to produce profits over the long run. Managers of successful banks must balance intricate trade-offs between growth, return, and risk, with a preference for using risk-adjusted indicators. Bank financial performance can be evaluated using a variety of methods, such as market-based, economic, and conventional performance measures [16] developed a model called Economic Value Added (EVA), which takes into account the opportunity cost for stockholders to hold equity in a bank, to determine whether a company generates an economic rate of return greater than the cost of invested capital to increase the company's market value, [17]. With an emphasis on commercial banks, a large number of empirical studies on the financial performance of banks worldwide have been carried out. Research using the same combination of parameters as this study on bank financial performance in Nigeria is, however, scarce. A bank's financial success is gauged by its profitability, which can be described in a variety of ways, [18]. Profitability, as defined by [19], is a financial institution's ability to generate a reasonable profit or return on its investments, which is essential for the banking sector to continue existing and expanding. Another way to define profitability is as the difference between costs and revenues during a specific period, usually a fiscal year. The major sources of income for banks are advances and loans, which must account for a substantial amount of their revenue to keep them stable and allow for expansion.

2.1.2 Return on Asset

While net income is a valuable indicator of a bank's performance, it has a major drawback in that it doesn't account for the bank's size, which makes comparing the financial performance of different banks difficult. The return on assets, or ROA, is a key metric of a bank's financial performance (profitability) that accounts for the size of the bank. It is computed by dividing the bank's net revenue by the entire value of its assets. The division of earnings before taxes by total assets is used in the formula. Return on asset is a good indicator of how well bank management is operating since it provides insight into how resources are employed and the profit that arises from them. According to [18], return on assets gauges how successfully a business uses its resources to generate revenue. The return on assets, or ROA, is the ratio of earnings before interest and taxes to total assets. The ratio is regarded as a barometer for the efficient utilization of resources. Publicly traded corporations' return on assets (ROA) varies widely and is primarily dependent on the industry in which the company operates. Therefore, it is advised to compare the return on asset to the bank's returns from the previous year or to banks of a similar size, to make an informed decision, [20].

2.1.3 Net Profit Margin

The net profit margin is a financial statistic that banks use to calculate their overall profit margin across all income streams. It calculates the net profit a bank makes on each naira of income. It considers the amount of profit retained by the business following the deduction of all expenses related to revenue generation. Net margin is occasionally utilized in place of net profit margin. On an income statement, the terms "net profits" and "net income" are synonymous. One of the most crucial indicators of a company's financial health is its net profit margin. Deposit money banks can estimate earnings based on income and assess the effectiveness of the institution's current procedures by analyzing growth and losses in the net profit margin. Net profit margin can be used to analyze the financial performance of banks of various sizes because it is expressed as a percentage rather than in naira, [17].

As a result, investors may quickly ascertain whether deposit money bank management is profiting enough from its operations and whether operating and administrative costs are under control. This is noteworthy because it implies that, despite possible increases in bank earnings and a consequent decline in the net profit margin, operating costs are increasing more quickly than earnings. Net profit margins for listed deposit money banks are disclosed in their financial statements on a quarterly and annual basis. Companies including banks that continuously raise their net profit margins stand to benefit from capital appreciation in their shares as profits because growth and share price appreciation are associated,

[21]. It is important to remember that an extraordinary event (the sale of assets) could cause the net profit margin to rise unusually, and as such, it needs to be closely examined when assessing the bank's financial performance. Moreover, a high net profit margin denotes profitability and efficiency, whereas a low net profit margin could point to poor business planning, incompetent pricing, or ineffective leadership, [22].

2.1.4 Peace Accounting

According to [23], peace accounting is the systematic evaluation and calculation of the costs related to preserving peace. Countries are currently attempting to determine how much it will cost to resolve these internal conflicts. Peace accounting includes costs related to internal issues such as political violence, insurgency, militancy, economic hardship, corruption, and other costs related to national security. It is very difficult to determine the exact economic cost of violent conflict since it is impossible to assess economic activity when there is a dispute. [24] found that wars affect macroeconomic as well as microeconomic costs in their research Estimating the Costs of War.

Their analytical concepts illustrate two approaches: computing the war's economic and accounting costs. Economic costs comprise both macroeconomic and microeconomic charges. expenses classified as macroeconomic in nature are those that have a greater overall economic impact than micro expenses. Microeconomic costs are the expenses associated with a particular individual or business. The economic approach to computing peace accounting is therefore assessing the amount and value of resources used. In contrast, the accounting method concentrates on providing information about the materials utilized in a household emergency. They clarify that a sound government in a nation depends on the accounting approach. They argued that while the microeconomic costs of war are suffered by particular individuals and firms, the macroeconomic costs affect the economy as a whole. This shows that wars inevitably hamper the growth and development of the involved states and hurt economies from two separate sides, [24].

According to [25], peace accounting is the process of collecting, analyzing, and sharing information regarding the costs associated with preserving peace or lowering violence. This knowledge is so important, according to [25] that it fixes any agency issues that might occur between the people and the government, [26]. [15] claim that peace accounting is necessary to ascertain the cost of enthroning peace because it is a reasonable way to track and ascertain the costs related to upholding peace to evaluate the influence on a nation's economic growth.

Peace accounting, according to [24] offers data that can promote transparency and be disseminated from the major government to the general public. Two methods of peace accounting have been recognized in the academic literature: accounting models and economic models, [27]. The accounting model for peace accounting, according to [28] evaluates the total worth of damaged assets—which can include social, human, and physical capital—during a fiscal year, [24]. In contrast, contend that the macroeconomic consequences of the amount of money invested domestically due to wear and tear are reflected in the economic approach, [29]. [21] define peace accounting as the act of collecting, analyzing, and sharing information regarding the costs associated with preserving the status quo or lowering the rate of violence. They contend that any possible agency conflict between the people and the government is resolved by these facts, which are so important.

2.1.5 Insecurity

Sub-Saharan Africa is rapidly becoming a haven for individuals and businesses due to the escalating rates of violence, war, and insecurity. For instance, there are several sources from which information on violence or war in general is gathered. Furthermore, kidnapping has become commonplace. The current global focus on these kidnapping sprees is partly due to the xenophobic problem that has arisen recently in South Africa, [30].

Nigeria as a country faces many security difficulties. Both peaceful cooperation and economic growth are at risk due to these security issues. Thus, bringing about peace has proven to be an arduous undertaking for governments both past and present, because of the vast financial and material resources directed toward areas confronting security challenges, [31]. For instance, the current violence in Enugu, which has affected farmers and pastoralists, has severely damaged local communities by drastically lowering economic activity and security, [32].

National security has been seriously threatened by acts of violence in the Niger Delta, terror groups (Boko Haram) in the Northern region, and, more recently, the Avengers group bombing of the Chevron refinery in the South-South, [21].

The government has had to expend enormous resources as a result to ensure national security.

Therefore, we believe that it is necessary to develop efficient methods for tracking and reporting financial resources related to peace or domestic issues. This is true because, as noted by [2], finance plays a critical role in a nation's efforts to achieve its policy goals, therefore disclosing the financial costs associated with peace or internal issues is crucial for government decisions. Although maintaining national security comes at a very high cost, assessing this cost has not gotten much attention.

[20] states that the economic approach considers the macroeconomic costs and benefits of war (i.e., amount of money spent on domestic investment now gross capital formation) while the accounting approach analyzes the total value of asset destruction (i.e., physical, human, and social capital). Despite the enormous resources devoted to reestablishing peace, commerce, private investment, production, and the destruction of productive assets have all been discouraged, which has impeded economic growth.

The economic performance of a country can be affected by security concerns including financial, human, material, and environmental resources, [22]. [19] drew attention to how corporate environmental neglect affects politics, society, and security in sub-Saharan Africa, especially in Nigeria. The knock-on effects of environmental degradation create complaints because of food, economic, health, water, and sociopolitical vulnerabilities that result in antagonism and violent conflict, [2].

Environmental contamination and the degradation of agricultural land, which provides a source of revenue for the community, are prevalent, in addition to social unrest caused by unfulfilled demands for compensation and a disregard for the local population. Nonetheless, Sub-Saharan African countries face many challenges, including poor commercial links with host communities, vandalism of infrastructure, severe environmental harm, and food and human insecurity, [33], [34]. Strongly held social and environmental justice ideals in society offer a dependable counterweight against threats to long-term peace and a conducive atmosphere for cost-benefit analysis and resource allocation, [35]. The long-running, nonviolent struggle for environmental justice and equity eventually gave rise to violence, [36].

Most nations are actively attempting to determine the cost of resolving these internal issues, according to [29]. The application of peace accounting, an innovative idea that is gaining traction in Africa and around the world, is one important way to determine or evaluate the costs of maintaining, restoring, and developing peace in a given setting in order to improve the economic performance of an environment. According to [6], the industrialized economy employs peace accounting to calculate the amount of loss caused by insecurity and to identify alternative investment opportunities to mitigate its effects on the economy. That is, since modern societies quickly reallocate resources to other economic sectors or build greater security measures to soothe anxieties, economic losses caused by insecurity may only continue for a short duration.

2.1.6 Corruption

Corruption in Nigeria has become so barefaced and prevalent that it seems to have been legalized. [37] classified the forms in Nigeria to include; Money Transfer fraud, Advanced Fee Fraud, Falsification of Records, Impropriety, Foreign Exchange Malpractices, and Fictitious Purchase. Unfortunately, the issue of corruption is not a twenty-first century problem of Nigeria as a nation. Its manifestation started to surface shortly after the attainment of political independence from Britain in 1960. Nigeria's rising levels of corruption are unsettling and have seriously harmed efforts to develop the country. Regretfully, over the years, all of the government's attempts to combat corruption have failed. It has contaminated every treatment and is growing and dispersing like wildfire. The nation's fabric has been deeply eroded by this cankerworm, which has also slowed economic growth across the board. It has been the main cause of the development slowdown in several economic sectors.

Corruption in Nigeria has been correctly summarized in [38] as the biggest and fastest-growing industry in Nigeria. While petroleum is the largest revenue earner (accounting for between 90-95% of national wealth, corruption is the largest consumer of the revenue. Unfortunately, its consumption is in the hands of a few individuals and corporate persons while the nation wallops in abject poverty, hunger disease, and debt.

Therefore, achieving peace has continued to be a difficult undertaking for governments both past and present because of the massive financial and material resources directed toward areas facing security challenges. Although maintaining national security comes at a hefty cost, assessing this cost has not gotten much attention. Peace Accounting is one method of tracking and determining the amount of money spent on national security. A novel concept that is gaining traction in Nigeria and throughout the world is peace accounting. Finding and disclosing the financial resources that go along with domestic violence—such as instability, political unrest, insurgency, militancy, economic hardship, corruption, and other expenses related to national security—is the focus of peace accounting, [25].

Peace accounting is essential in the fight against corruption because it brings transparency, relevance, and integrity to the systems that underpin vibrant economies, making corruption and economic crime less profitable and easier to prevent. The establishment and adaptation of global standards based on quantitative evidence aid organizations and governments in identifying and responding to financial crimes. Additionally, peace accounting supports strong and sustainable government institutions and financial markets through regular audits, [39].

2.1.7 Foreign Aid on Agriculture

Depressing agricultural growth and the performance of agricultural investment is of utmost importance; foreign agricultural aid is seen to be a major contributing factor. According to [40], foreign aid can meet the needs of African farmers, who also require better roads to connect them to markets, agribusiness credit, and private sector investments to spur growth, facilities to lower their estimated 40–60% post-harvest losses, and technology and training to deal with climate change. According to certain theories, increasing agricultural output can hasten economic growth and increase revenues for nations, communities, and the continent as a whole, all of which support peace accounting. It also emphasizes how locally generated solutions and dependable donor support work together to create agricultural success in Africa. Together, these ingredients are insufficient. To buck the pattern of low government investment in agriculture, African leaders have started to mobilize domestic resources for agricultural expansion. A strong initiative to support smallholder farmers through the Comprehensive Africa Agriculture Development Programme (CAADP) is involved in this endeavor. African countries have committed to allocating 10% of their national budgets to agriculture through the CAADP. Rwanda boosted its agricultural spending by thirty percent between 2007 and 2009; while in Sierra Leone, agricultural spending went from 1.6% of the budget to 9.9% in 2010.

The development of agriculture in every country in the world has required government assistance. While rich countries like the United States and those of Europe can, and do, provide aid to their farmers, most African countries are poor and are so far behind developed countries in terms of agricultural development that they may not have enough resources to provide the necessary aid by themselves. Thus they are reaching out for development aid to help their people can feed themselves (NEPAD, 2010). According to ECA (2009), development partners must increase assistance to Africa’s agricultural sector in order to help broaden and accelerate the continent’s recent economic and agricultural growth in order to raise the number of countries that will achieve MDGs. However, the subject of foreign agricultural aid remains a thorny issue among donors and recipient countries alike. While the recipient countries want more foreign aid to increase their agricultural production, donors focus on the effectiveness of aid-funded projects to justify the need for future aid.

2.2 Theoretical Underpinning

2.2.1 Signaling Theory

The primary goal of signaling theory, which is applicable to conflict situations as well, is to communicate favorable organizational features by deliberately disseminating positive information. A calm environment sends out signals that promote infrastructure development, human development, economic progress, and foreign direct investment. The economy of a country usually reacts to indications from its environment about the level of security (life, real estate, investments, and food). This study will interpret the economy's performance as its response.

Signaling theory considers player behaviors and exchanges, as well as insider, acts that intentionally withhold important information from the market, resulting in subtle characteristics that typically lead to misunderstanding and moral hazard among stakeholders. According to [41], insiders' actions usually hinder market openness and transparency. They might also sway in a predetermined direction to achieve specific goals. The signaling theory tends to reinforce the dependence and dependability of the multiple market signals and the direction of the stock price as an indicator for new trades or taking a position on the highly regarded performance of the companies reflected in their stock price, [40], [42]. Many studies have shown that, although investors see dividend increases as a sign of success and a means of influencing stock prices, business executives see dividend policies as a sign of their companies' effective operations.

The basic assumptions of signaling theory state that when investors have access to non-specific information, share prices are vulnerable to consideration hazards like stock mispricing, overinvestment, and the issue of adverse selection, [43].

The following are some of the underlying assumptions of signaling theory: information that is received as either good or bad news influences the recipients' response; individuals and corporate entities have distinct productivities; information may induce fear and anxiety, which may have an impact on investment decisions. It is crucial to keep in mind that, in the majority of cases, making wise selections requires an understanding of the topic rather than a high level of education. While education can also be a great way to increase productivity, it typically serves as a signal to market participants about the performance and credibility of the business, both now and in the future. Education also serves as a valuable indicator of preexisting skills and the ability to complete tasks quickly and effectively with the right information, [41], [42].

2.2.2 Stakeholders Theory

The stakeholder concept was initially proposed by [43]. It is the outcome of several critics of agency theory. In addition to the principle, that the agents work to uphold, competing interest groups also stand to gain or lose from the company's triumphs or failures. As stakeholders, these groups' rights must be respected and taken into account in all managerial decisions, as well as in providing accurate information when necessary, [20], [29], [44]. [27] state that stakeholder theory was selected to address the apparent gap left by multiple omissions that defined shareholders as the principal and preferred interest group of a corporate organization, whereas agency theory critically examined the relationship between the principals and agents. According to stakeholder theory, businesses also have a social duty to consider the interests of other corporate entities, which have made a variety of contributions to the organization and may be impacted by decisions the organization or its operations make. These parties include competing and invested parties, [20]. It is only proper, fair, and reasonable for businesses to consider these stakeholder groups when making managerial decisions, according to [45]. In his speech, [4] argued that the traditional conception of a firm presumes that only its owners or shareholders are significant and that the business has a fiduciary duty to prioritize meeting their demands in order to maximize value for them. This is consistent with the claims made by [46].

The principles of the stakeholder theory have been examined from a number of angles. Stakeholder theory sees every invested stakeholder concern as a genuine concern that is in everyone's best interests, according to [46] and [47]. It also assumes that information is dispersed equitably among the stakeholders. The following are further assumptions that the stakeholder theory makes: In order for everyone to make an educated decision, it is first believed that all stakeholders demand access to trustworthy information and that management should logically supply this information. Second, the approach is predicated on the idea that the management of a company ought to treat stakeholders properly and abstain from unfairly exploiting them. The theory states that creditors should be paid accurately and on schedule. Third, the theory states that managers should ensure that the business complies with legal requirements, acts responsibly in all of its business dealings, and guarantees that the general public is given high-quality goods and services in order to fulfill the company's corporate civil responsibility to the government. The stakeholder thesis states that workers are crucial because they have to keep producing and not jeopardize the organization's ability to remain a viable continuing concern. Additionally, it is expected of all stakeholders to sincerely support the managers' well-being as well as the expansion and sustainability of the company, [48], [49].

2.3 Empirical Review

[50] conducted a study on the costs of violence and the benefits of peace in Africa. They found that these conflicts have a major detrimental effect on the economies of the continent, resulting in misallocation of resources, missed opportunities due to unrealized GDP, and unrealized business potential worth trillions of dollars. They pointed out that the consequences of violence could affect adjacent countries indirectly or directly, depending on how things stand in the specific countries where the violence is occurring.

[43] examined the effect of peace accounting, or the cost of militancy and instability, on the productivity of private companies in Nigeria using the ordinary least squares technique of analysis. They found that the cost of peacekeeping has a major detrimental impact on Nigeria's productivity and economic growth.

[2] looked into the advantages and disadvantages of Nigeria's peacekeeping effort in Sierra Leone using descriptive statistics. One of the cost implications of the study states that Nigeria's GDP fell from 8.2% in 1991 to 1% in 1994. However, the data also demonstrated that Nigeria benefited from its involvement in the peace effort. It served, among other things, to bolster Nigeria's bilateral relations with those countries and to reestablish Nigeria as one of Africa's major players.

[24] found that wars affect macroeconomic as well as microeconomic costs in their research Estimating the Costs of War: Methodological Issues, with Applications to Iraq and Afghanistan. They argued that while the microeconomic costs of war are suffered by particular individuals and firms, the macroeconomic costs affect the economy as a whole. This shows that wars inevitably hamper the growth and development of the involved states and hurt economies from two separate sides.

[50] investigated the effect of insecurity on economic growth using descriptive qualitative analysis, focusing on human development indices such as population, unemployment, and agriculture. The research states that there were about 65,989 assassinations in Nigeria between 2000 and 2001, 6,059 kidnappings between 2000 and 2013, and 1,341 fatal insurgencies between 2009 and 2013. The study also found that insecurity had a significant negative influence on the agricultural sector, causing people to relocate during wars, which affected human development in terms of food security.

[19] explore the impact of the economic unrest on the country's population and economy in their article, Syria's Conflict Economy. They also discuss the challenges associated with economic reconstruction. The terrible civil war has caused the country's social, economic, and human progress to regress by decades. It will take a lot of work to restore the nation's destroyed physical infrastructure, but it will be far harder and take longer to restore its social and human capital. This is one intriguing study finding. [51] researched peace, war, and development in Africa. The research examines the relationship between political economy and conflict, as well as the tactics and materials required to achieve peace—basically, the absence of violence. The article argues that neither human development nor African peace initiatives should be given lower priority than one another.

According to [7] theory, the interplay between economic marginalization, inequality, conflict, and violence governs the formation of shared societies. The study suggested two institutional frameworks for understanding the relationship between shared societies and conflict. The first is the way that armed conflict has changed social norms, trust, and collaboration; the second is the way that armed non-state actors that have arisen out of violence have utilized their power to exert control over unofficial service providers, informal mediators, and informal systems of government. It is necessary to comprehend these kinds of institutional frameworks in order to comprehend how nations may restrict the use of violence in order to preserve national security. This effect is more significant than other economic variables that affect the development of human and physical capital and claims, [24].

3 Methodology

The paper adopted an *ex post-facto research* design. The population consisted of 14 listed deposit money banks. The sample size was 10 selected using a purposive sampling technique for a period of 10 years from 2013-2022. Data were sourced from published annual reports and the data were analyzed using descriptive and inferential statistics. Models were specified according to the objectives of the paper.

Model Specification

$ROA_{it} = \alpha_0 + \beta_1 COR_{it} + \beta_2 SEC_{it} + \beta_3 FAA_{it} + \mu_{it}$… Model 1

$NPM_{it} = \alpha_0 + \beta_1 COR_{it} + \beta_2 SEC_{it} + \beta_3 FAA_{it} + \mu_{it}$ … Model 2

where
α_0 = Constant
$\beta_1, \beta_2, \beta_3$ = Parameter estimates
μ_{it} = error term
ROA = Return on Assets
NPM = Net Profit Margin
COR = Corruption
SEC = Security
FAA = Foreign Aid on Agriculture

4 Results and Analysis

This study examines the performance indicators of selected banks in Nigeria, focusing on key variables such as Return on Assets (ROA), Net Profit Margin (NPM), Corruption (COR), Security (SEC), and Foreign Aid on Agriculture (FAA). The analysis of these variables provides insights into the operational efficiency, profitability, and external expenditure patterns of the banks.

The descriptive statistics reveal that, on average, the sampled banks earn a 1.9% return on their total assets, with a standard deviation of 1.993, indicating moderate variability in asset management. Net Profit Margin averaged 16.736%, with significant fluctuations as seen in the standard deviation of 20.869, highlighting variations in profitability across the banks. Corruption-related expenditures were, on average, 68% of gross profit, while security expenses averaged 2.227, indicating substantial investment in safeguarding operations. The banks also contributed significantly to foreign aid in agriculture, with an average investment of 576.31 units. These statistics provide a baseline for understanding the financial performance and external commitments of Nigerian banks during the study period.

Table 1 (Appendix) showed that the mean Return on Asset is 1.917 while its standard deviation is 1. 993. The result explained that on average the sampled banks earn about 1.9% profit from their total asset and the standard deviation which is not far from the mean indicates that the return on assets of the various banks selected for the study are not likely to change over time. The difference between the minimum value of -11.461 and the maximum value of 5.895 also shows the extent to which the various companies vary in terms of efficient management of economic resources. This further explains why some banks publish negative returns (profitability) and the others publish huge profitability.

The mean value is 16.736 which suggests that the average net profit margin of the selected banks in Nigeria was 16.736 % for the period that is, on average only 16.736 % of the gross earnings resulted to profits. The standard deviation is 20.869 which is a slight deviation away from the mean. This suggests that there exists some level of fluctuations in the data and that the sampled banks over the periods for the study defer in the rate of their performance. The difference between the minimum value -151.591% and the maximum value of 59.5% also shows the extent to which the net profit margin of the deposit money banks varies from each other in this regard. The huge variation between the minimum and maximum value explains that some companies failed to apply adequate cost control mechanisms which resulted in huge operating costs that erode the probability while some generate very high gross earnings which translate to profits.

Corruption had a mean of 0.68 suggesting that the amount spent was about 68% of their gross profit earnings on corruption. The standard deviation of 0.072 which is very close to the mean also indicates that the amount spent on corruption is not also likely to change. This is also shown in the minimum and maximum value showing the minimum and maximum amount that could be spent on community development cost.

Security had a mean of 2.227 indicating that the sampled banks spent a relatively high amount on security is good for the management of the banks. The standard deviation which is 9.313 which is a slight variation from the mean suggests that the sampled banks are likely to invest more in security. This is also evident in the minimum and maximum values.

Foreign aid on agriculture had a mean of 576.36 suggesting that the sampled banks spent a substantial amount on foreign aid. The standard deviation of 207.03 which is very close to the mean also indicates that the companies are likely to continue to invest in foreign aid. This is evident by the values of the minimum and maximum values.

Interpretation

In an attempt to make sure that the estimated parameters are not biased and inefficient, the paper examined the possibility of Multicollinearity among the explanatory variables, using the variance inflation factor for each of the explanatory variables, the results of the VIF in Table 2 (Appendix) is less than 10 for all the variables, the VIF are 1.27, 1.15 and 1.19 corruption, security and foreign aids on agriculture respectively.

4.1 Test of Hypothesis One:

There is no significant effect between Peace Accounting and Return on Assets of Deposit Money Banks listed in Nigeria.

Interpretation

$ROA_{it} = \alpha_0 + \beta_1 COR_{it} + \beta_2 SEC_{it} + \beta_3 FAA_{it} + \mu_{it}$… Model 1

$ROA_{it} = 6.288 + 0.106 COR_{it} + 0.036 SEC_{it} + 0.122 FAA_{it}$…………Predictive Model 1

From the above results in Table 3 (Appendix), all the explanatory variables of Peace Accounting as measured with Corruption (COR), Security (SEC), and Foreign Aid on Agriculture (FAA) all exerted a positive and statistically significant effect on Return on Assets. The results further explain that investing in peace accounting in terms of tackling corruption, ensuring security, and also investing in foreign aid will bring about stability and safeguard the assets of the banks and as a result, their return on assets will be efficiently put into use which brings about efficient allocation of resources.

Judging by the coefficient values of the parameter estimates Corruption exerted a positive value of ($\beta_1 = 0.106$). This suggests that the amount spent on tackling corruption increases the performance of banks by 10.6% in terms of their ROA. Similarly, Security and Foreign Aid on Agriculture also follow the same pattern ($\beta_2 = 0.036$; ($\beta_3 = 0.122$) indicating that an increase in the amount spent on insecurity and foreign aid will increase the ROA of banks by 3.6% and 12.2% respectively as the environment for carrying out banking activities will be safe. This therefore shows the explanatory power of the explanatory variables adopted for the study.

By the magnitude of the probability values the three independent variables (Corruption, Security, and Foreign Aid on Agriculture) exerted a positive and significant effect on ROA ($\beta_1 = 0.004$; $\beta_2 = 0.000$; $\beta_3 = 0.001$)

The Adjusted R^2 value which is the coefficient of determination also explains that about 42% of the variation in Return on Asset (ROA) of deposit money banks is attributable to the interplay between the independent variables (COR, SEC, and FAA) which are good predictors of Peace Accounting while the remaining 58% are attributable to other factors outside the study.

Decision: The F Statistics with a degree of freedom of (5, 96) = 89.01 with a probability value of 0.000 which is less than 5% adopted level of significance, the study rejected the null hypothesis which states that there is no significant effect between Peace Accounting and Return on Assets and accepted the alternate hypothesis that there is a significant effect between Peace Accounting and Return on Assets of Deposit Money banks listed in Nigeria.

4.2 Test of Hypothesis Two:

There is no significant effect between Peace Accounting and the Net Profit Margin of Deposit Money Banks listed in Nigeria.

Interpretation

$NPM_{it} = \alpha_0 + \beta_1 COR_{it} + \beta_2 SEC_{it} + \beta_3 FAA_{it} + \mu_{it}$… Model 2

$NPM_{it} = 100.505 + 0.538 COR_{it} + 0.911 SEC_{it} + 0.036 FAA_{it}$…………Predictive Model 2

From the above results as shown in Table 4 (Appendix), all the explanatory variables of Peace Accounting as measured with Corruption (COR), Security (SEC), and Foreign Aid on Agriculture (FAA) all exerted a positive and statistically significant effect on Net Profit Margin. The results further explain that investing in peace accounting in terms of tackling corruption, ensuring security, and also investing in foreign aid will bring about stability and improve net profit because operations will not be interrupted, and as a result resources will be efficiently put into use which brings about improved profit and high net profit margin.

Judging by the coefficient values of the parameter estimates Corruption exerted a positive value of ($\beta_1 = 0.538$). This suggests that the amount spent on tackling corruption increases the performance of banks by 53.8% in terms of their NPM. Similarly, Security and Foreign Aid on

Agriculture also follow the same pattern ($\beta_2 = 0.911$; ($\beta_3 = 0.036$) indicating that an increase in the amount spent on insecurity and foreign aid will increase the NPM of banks by 91.1% and 3.6% respectively as the environment for carrying out banking activities will be safe. This therefore shows the explanatory power of the explanatory variables adopted for the study.

By the magnitude of the probability values the three independent variables (Corruption, Security, and Foreign Aid on Agriculture) exerted a positive and significant effect on NPM ($\beta_1 = 0.005$; $\beta_2 = 0.000$; $\beta_3 = 0.002$)

The Adjusted R^2 value which is the coefficient of determination also explains that about 41% of the variation in Net Profit Margin (NPM) of deposit money banks is attributable to the interplay between the independent variables (COR, SEC, and FAA) which are good predictors of Peace Accounting while the remaining 59% are attributable to other factors outside the study.

Decision: The F Statistics with a degree of freedom of (5, 96) = 142.80 with a probability value of 0.000 which is less than the 5% adopted level of significance, the study rejected the null hypothesis which states that there is no significant effect between Peace Accounting and Net Profit Margin and accepted the alternate hypothesis that there is a significant effect between Peace Accounting and Net Profit Margin of Deposit Money banks listed in Nigeria.

5 Conclusion and Recommendations

From the results and findings, the paper concluded that peace accounting has a significant effect on the financial performance of listed deposit money banks in Nigeria which is adduced to environmental factors and issues as it hovers around peace accounting as explained by the explanatory variables. For Objective One the study concluded that Peace Accounting has a significant effect on the Return on Assets of Deposit Money Banks listed in Nigeria while for Objective Two it concluded that Peace Accounting has a significant effect on Net Profit Margin of Deposit Money Banks listed in Nigeria.

As a result of this, the following recommendations were made:

1. It is recommended that there is the need for the government to avoid policies and activities of the government of the country that lead to conflicts that might disrupt economic activities thereby affecting performance, so that more funds can be committed towards tackling insecurity thereby improving the Return on Assets of Deposit Money Banks.
2. The government should be quite sensitive and responsive to the plight of its citizens by providing basic social amenities and infrastructure, as well as welfare needs, and not wait until there is a violent outburst that will result in the loss of lives and properties as this has a way of affecting the Net Profit Margin of the banks.

Declaration of Generative AI and AI-assisted Technologies in the Writing Process

During the preparation of this work the authors used Grammarly in order to improve the readability and language of the manuscript. After using this tool/service, the authors reviewed and edited the content as needed and take full responsibility for the content of the publication.

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Contribution of Individual Authors to the Creation of a Scientific Article (Ghostwriting Policy)

The authors equally contributed in the present research, at all stages from the formulation of the problem to the final findings and solution.

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Conflict of Interest

The authors have no conflicts of interest to declare.

APPENDIX

Table 1. Descriptive Statistics

	MEAN	STD. DEV	MIN	MAX
ROA	1.917	1.993	-11.461	5.895
NPM	16.736	20.869	-151.591	59.545
COR	0.68	0.072	0.01	0.56
SEC	2.227	9.313	0.26	55.3
FAA	576.31	207.03	101.54	854.88

Source: Author's Computation (2024)

Table 2. Correlation Analysis

	COR	SEC	FAA	VIF	
COR	1.000			1.27	0.786
SEC	0.1070	1.000		1.15	0.867
FAA	0.378	0.103	1.000	1.19	0.839
				1.20	

Source: Author's Computation (2024)

Table 3. Regression Result of Model 1

Dependent – ROA	Coeff	SE	t-stat	Prob
CONSTANT	6.288	2.520	2.50	0.024
LCOR	0.106	0.328	0.33	0.004
LSEC	0.036	0.745	0.05	0.000
LFAA	0.122	5.294	4.370	0.001
$AdjR^2$	0.418			
F-Stat/Wald Stat	F(5,96) = 89.01 (0.000)			
Hausman Test	F(5,96) = 2.32 (0.940)			
Testparm/LM Test	F(5,96) = 14.42 (0.000)			
Heteroscedasticity Test	F(5,96) = 291.30 (0.000)			

Source: Authors' Computation (2024)

Table 4. Regression Result of Model 2

Dependent – NPM	Coeff	SE	t-stat	Prob
CONSTANT	100.505	38.555	2.61	0.021
LCOR	0.538	7.287	0.07	0.005
LSEC	0.911	11.300	0.700	0.000
LFAA	0.036	53.691	3.710	0.002
AdjR2	0.407			
F-Stat/Wald Stat	F(5, 96) = 142.80 (0.000)			
Hausman Test	F(5, 96) = 4.88 (0.6748)			
LM Test	F(5, 96) = 8.56 (0.0017)			
Heteroscedasticity Test	F(5, 96) = 649 (0.000)			

Source: Author's Computation (2024)