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THE MANAGEMENT AND PRACTICES OF CAPITAL INVESTMENT IN SELECTED QUOTED COMPANIES IN NIGERIA.

BY

ANYANWU KINGSLEY N.

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ABSTRACT

The main aim of this research work is to determine to what extent financial theory has been and is being applied in the actual management and practices of capital investment in companies, especially in the field of capital budgeting, considering the degree of importance which is attached to capital investments in the long term survival of these companies in Nigeria. The study reveals a shocking defiance on the part of practicing managers to switch to the more advanced methods of project appraisal and evaluation and a tenacious adherence to the more traditional methods which tended towards the simple and inadequate. The reasons for this failure to adjust rest on the difficult nature of the more advanced techniques, their external nature, the peculiarities of the nigerian business environment and above all, the failure of the academia to evolve theories which would bear strongly on the Nigerian experience.

The research thus sought to reconcile the gap existing between ."theory" and "practice" as it stands in Nigeria today, by pointing a torch towards the path to healthy investment decisions backed by result-oriented theories. Pearlbarg partly quoted that "practice is brick, theory is mortar. Both are essential and both must be good if we are to erect a worthy structure. To determine its truism, we resorted to a survey of quoted companies in Nigeria limiting ourselves to a sample of thirty-five companies. The study also limited itself to the managerial practices of capital investments via capital budgeting in general without paying specific attention to any particular aspect of the topic. The banking industry, whose investment pattern, would paint a misleading picture on the result of the findings was excluded from the survey.