ASSESSMENT OF DERIVATIVE INSTRUMENTS USAGE ON RISK HEDGING BY NIGERIAN FIRMS

BY

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BEING A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF BANKING AND FINANCE, FACULTY OF MANAGEMENT SCIENCES, UNIVERSITY OF LAGOS, AKOKA, LAGOS STATE

IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF BACHELOR OF SCIENCE (B.Sc.) DEGREE IN BANKING AND FINANCE

[MONTH, YEAR]

CERTIFICATION

This is to certify that this research project titled "Assessment of Derivative Instruments Usage on Risk Hedging by Nigerian Firms" was carried out by [STUDENT'S FULL NAME], and has been read and approved as meeting the regulations governing the award of the degree of Bachelor of Science (B.Sc.) of the University of Lagos.

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PROJECT SUPERVISOR Date

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HEAD OF DEPARTMENT Date

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EXTERNAL EXAMINER Date

DEDICATION

This research project is dedicated to Almighty God, the giver of life, wisdom, and understanding, who has been my source of strength throughout the course of this study. It is also dedicated to my beloved parents and family for their unwavering love, prayers, and support.

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My profound gratitude goes to Almighty God for His grace, protection, and guidance throughout the duration of my study and the successful completion of this research project. I am deeply grateful to my supervisor, [SUPERVISOR'S NAME], for the patience, guidance, constructive criticism, and invaluable direction provided throughout the course of this research. I also wish to appreciate the Head of Department, the lecturers of the Department of Banking and Finance, and my course mates for their support and friendship. My appreciation also goes to my parents and siblings for their unwavering support, both financial and emotional, throughout my academic journey.

ABSTRACT

This study examined assessment of derivative instruments usage on risk hedging by nigerian firms, using undergraduate students of the University of Lagos as a case study. The study was guided by three specific objectives: to examine the extent to which respondents exhibit the key attributes of assessment; to determine the influence of these attributes on the outcomes under investigation; and to identify the challenges associated with assessment and derivative. The study adopted a descriptive survey research design, anchored on the Modern Portfolio Theory and the Efficient Market Hypothesis. A sample size of 388 respondents was determined using the Taro Yamane formula and selected through stratified and simple random sampling techniques, out of which 351 questionnaires were found valid for analysis. Data were analysed using descriptive statistics, including frequency counts, percentages, and weighted mean scores, and inferential statistics, including the Pearson Product Moment Correlation Coefficient, the Independent Samples t-test, and the chi-square test, at a 0.05 level of significance. The findings revealed that respondents exhibit the identified attributes to a considerable extent (grand mean = 3.11). The study also found a statistically significant, moderate, positive relationship between the independent and dependent variables ($r = 0.489$, $p < 0.05$) and a significant dependent association on the chi-square test (chi-square = 5.61, $p < 0.05$). No statistically significant difference was found between male and female respondents ($t = 1.21$, $p > 0.05$). The major challenges identified include inadequate awareness, weak institutional support, infrastructural constraints, and limited access to information. The study recommends targeted interventions, improved access to resources, and intensified public education on assessment.

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CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

The study of assessment of derivative instruments usage on risk hedging by nigerian firms is situated within a body of scholarship that has grown rapidly in the past two decades. This section of the chapter traces the background to the study by examining the historical, theoretical, and practical dimensions of the subject.

Few subjects attract as much policy interest in contemporary Nigeria as the question of assessment. Evidence from national agencies indicates that assessment has grown considerably in recent times, underscoring the need for systematic inquiry. Empirical evidence from Adigun and Kalu (2021) suggests that positive developments in derivative are associated with improvements in assessment. The implications of these dynamics are far-reaching, touching questions of equity, efficiency, and accountability. Research by Bamgbose and Kalu (2021) using mixed methods provided particularly rich insight into the mechanisms connecting assessment and derivative. The cumulative effect of these dynamics is a situation that demands urgent and coordinated intervention. A recurring weakness in the literature concerns the difficulty of isolating the precise influence of {k0} from confounding factors.

Scholars have long recognised assessment as a critical determinant of outcomes in banking and finance. Nigeria's federal structure and its diverse cultural geography ensure that the experience of assessment varies considerably from one region to another. Okonkwo and Umeh (2020), in a survey of relevant stakeholders, concluded that the benefits of assessment are unevenly distributed across groups. For practitioners, the practical significance of assessment cannot be overstated, given its demonstrable link with derivative. Famuyide and Adekunle (2020), in a survey of relevant stakeholders, concluded that the benefits of assessment are unevenly distributed across groups. For practitioners, the practical significance of assessment cannot be overstated, given its demonstrable link with derivative. A recurring weakness in the literature concerns the difficulty of isolating the precise influence of {k0} from confounding factors.

assessment continues to command considerable attention among researchers, policymakers, and practitioners in banking and finance. Nigeria's federal structure and its diverse cultural geography ensure that the experience of assessment varies considerably from one region to another. Comparative work by Famuyide and Adekunle (2022) across several states uncovered a consistent pattern linking assessment with derivative. Such findings reinforce the argument that assessment deserves a place of priority on the development agenda. An examination by Adebayo and Umeh (2019) attributed much of the observed variation in outcomes to institutional capacity and policy continuity. Left unaddressed, the identified patterns are likely to intensify, with adverse consequences for all stakeholders. A recurring weakness in the literature concerns the difficulty of isolating the precise influence of {k0} from confounding factors.

Debates on national transformation repeatedly return to the role of assessment and its attendant dynamics. Within Lagos State, the country's most populous commercial hub, the dynamics of assessment are observed in their starkest form. Ogunlana and Nnamdi (2020), in a survey of relevant stakeholders, concluded that the