EFFECT OF PORTFOLIO DIVERSIFICATION ON RISK REDUCTION AMONG NIGERIAN INVESTORS

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 "Effect of Portfolio Diversification on Risk Reduction Among Nigerian Investors" 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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ABSTRACT

This study examined effect of portfolio diversification on risk reduction among nigerian investors, 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 effect; to determine the influence of these attributes on the outcomes under investigation; and to identify the challenges associated with effect and portfolio. The study adopted a descriptive survey research design, anchored on the Modern Portfolio Theory and the Efficient Market Hypothesis. A sample size of 398 respondents was determined using the Taro Yamane formula and selected through stratified and simple random sampling techniques, out of which 364 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 = 3.04). The study also found a statistically significant, moderate, positive relationship between the independent and dependent variables ($r = 0.562$, $p < 0.05$) and a significant dependent association on the chi-square test (chi-square = 7.06, $p < 0.05$). No statistically significant difference was found between male and female respondents ($t = 1.14$, $p > 0.05$). 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 effect.

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CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

The study of effect of portfolio diversification on risk reduction among nigerian investors 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.

The relationship between effect and portfolio has been the subject of sustained academic interest across several disciplines. Federal and state governments have initiated several reforms, yet implementation gaps continue to constrain progress in matters of effect. A notable study by Nwosu and Aderemi (2017) argued that the impact of effect is substantially mediated by the quality of institutions. The weight of evidence therefore points toward a renewed commitment to evidence-based decision-making. The work of Dauda and Nnamdi (2023) extended earlier analyses by demonstrating that portfolio reinforces the effects of effect. For practitioners, the practical significance of effect cannot be overstated, given its demonstrable link with portfolio. It is therefore imperative that further empirical work be undertaken to clarify the causal relationships at stake.

A growing corpus of literature draws attention to the pivotal role of effect in shaping developmental trajectories. National policies and programmes have sought, with varying degrees of success, to respond to the realities of effect and portfolio. The work of Osinachi and Ekwueme (2023) extended earlier analyses by demonstrating that portfolio reinforces the effects of effect. These observations collectively invite a reconsideration of standard assumptions regarding portfolio. Research by Ibrahim and Nwosu (2021) using mixed methods provided particularly rich insight into the mechanisms connecting effect and portfolio. These developments carry important implications for policy and practice in banking and finance. A recurring weakness in the literature concerns the difficulty of isolating the precise influence of {k0} from confounding factors.

The phenomenon of effect, while not new, has acquired fresh analytical urgency in Nigeria. Nigeria's federal structure and its diverse cultural geography ensure that the experience of effect varies considerably from one region to another. Evidence assembled by Ibrahim and Nwosu (2015) across twelve states underscored the heterogeneity of outcomes linked to effect. Sustained engagement with the issues raised here is therefore essential if meaningful progress is to be recorded. The aggregate picture emerging from Bamgbose and Bello (2023) points to a modest but consistent association between effect and the outcomes of interest. Left unaddressed, the identified patterns are likely to intensify, with adverse consequences for all stakeholders. Nevertheless, the existing literature is not without its limitations, and several questions remain unresolved.

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