Editorial

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Finance research in Africa is problematic due to lack of statistical data and research funding from the government and corporations. Notwithstanding the obstacle, academic researchers both in and out of Africa have investigated various finance-related issues throughout Africa. This special edition of *IJMP* aims to encourage academics researching in the specific area of finance implementation to put forward empirical evidence collated from Africa and disseminate throughout the finance research community. This special issue provides a platform for academics and practitioners from Africa to openly debate the role of finance in Africa.

The first paper by Abubakar and Maimako ('Are mutual funds managers in Nigeria worth their money?') analyses the performance of mutual funds managers in Nigeria and the skills they bring to bear in managing these funds. The interesting aspect of this paper is its focus on exploration of the significance of financial remuneration in relation to fund managers' performance. The finding is a wake-up call that management fees charged by fund managers do not correlate to their ability in managing successfully on their clients behalf. Besides fund managers do not possess any special skills different from other managers in the economy, which can legitimise the remuneration rewarded to them.

The second paper by Agyekum, Aboagye-Otchere and Bedi ('Earnings management and corporate governance: the Ghanaian experience') takes a novel approach to examine the relationship between Corporate Governance (CG) and Earnings Management (EM). Their approach intends to provide a deeper understanding of how earnings management is affected by the governance structure of listed firms on the Ghana Stock Exchange (GSE). Earnings management has been one of the cardinal techniques in creative accounting and it is interesting to see a robust academic study conducted by colleagues who are both academic and practitioners in the field. It is expected that the governance of listed firms is structured to meet stock exchange requirement; however, the results documented here indicate an increasing trend of earnings management for the listed companies.

Our third paper by Nanyondo, Tauringana, Kamukama and Nkundabanyanga ('Quality of financial statements, information asymmetry, perceived risk and access to finance by Ugandan SMEs') examines the interaction between accounting information, perceived risk and access to finance by small and medium-sized enterprises (SMEs) in emerging market of Uganda. SMEs in most developing and developed countries rely on bank credit financing to grow and meet liquidity as they do not have access to the main stream capital market funds. Academic investigation into how access to SME funding in a developing market context is affected by financial performance of the companies, perceived risk by lenders and information asymmetry between lenders and borrowing firms is vital and intriguing. It is interesting that research results show a more informed and transparent financial statement increases the chances of an SME receiving funding from lenders. Furthermore, the combined effect of the quality of financial statement and perceived risk is seriously taken into account by lenders, which can diminish their willingness in financing SMEs as this increase.

The fourth paper by Moses, Jatau, Ande and Okwoli ('Firms' performance and corporate social disclosures: cross-sectional evidence of Nigerian firms') examines how corporate social disclosure affects firms financial performance in listed Nigerian firms. The study further analyses the extent of inherent transparency of these Nigerian firms in disclosing their corporate social responsibility. The research is based on a cross-sectional study using samples from seven sub-sectors of the Nigerian Stock Exchange. Hypothetically, quality corporate social responsibility disclosure would lead to superior firm financial performance. Interestingly, it reveals that, although there is some interest shown by the market in corporate social responsibility disclosure, it is less important in deciding a firm's financial performance. Furthermore, the extent of corporate social disclosure by Nigeria firms is found to be below the global benchmark of 75% at 53%. The authors propose that legislation and its enforcement should be applied to improve disclosures and a mechanism to track social responsibility costs in annual accounts of companies should be in place.

The focus of the fifth paper by Coffie and Chukwulobelu ('Modelling stock return volatility: comparative evidence from selected emerging African and Western developed markets') investigates volatility persistence by comparing evidence from selected emerging African and Western developed markets, taking into account the rate of volatility decay. Descriptive statistics show that volatility (as measured by standard deviation) is high among the developed markets and as expected, mean returns are high for African markets. The sum of $\alpha + \beta$ for all nine stock markets is positive in support of the fundamental proposition of the GARCH model. Volatility risk premium, δ, for all nine stock markets is positive, which is in line with the fundamental proposition of the GARCH-M model. The positive premium suggests that investors in these markets should be rewarded for taking up additional volatility risks – a proxy for country specific risk (i.e. country variance or country idiosyncratic risk). This means in allocating portfolios fund managers and/or investors should go beyond the mean-variance analysis in regards to these markets and look into information about volatility, correlation, skewness and kurtosis. This evidence contradicts the assertion of international CAPM which claims that international investors can enter and leave any market anywhere in the world with reasonable certainty and a minimum transaction costs.

The final paper of this special issue is by Chukwulobelu, Fosu and Coffie ('Multifactor explanation of security returns in South Africa'), which evaluates the performance of Fama and French three-factor model in determining the return generation process for individual securities in South Africa, the largest stock in Africa. The authors adopt a methodology by using time series econometric approach, which is similar to that of Fama and French (1993). The authors document evidences that contradict the theoretical proposition of the Fama-French model and are inconsistent with results reported by most studies in the developed and some emerging markets. The size and value premia that are expected to contribute significantly to returns are found to be weak when included in the regression model. This has important implication for market players and policy makers as this finding may change the way we think about rate of return, project evaluation and asset allocation.